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NEWS SUMMARY

Equities up 4.2; Gold puts on \$4

Higher drink tax hint

Smith's dream

Labour

Philips seeks to increase stake in Electronic Rentals

CALLAGHAN READY TO USE TROOPS AS FIREMEN

Power workers put forward terms for conditional return

BY ALAN PIKE and RICHARD EVANS

The firm strategy to force power workers to end the unofficial action which has been causing blackouts for the past week appeared to be succeeding last night when their leaders produced terms for a conditional surrender.

More talks

Measures 'should stop jobless rise next year'

Potential

Labour

Philips seeks to increase stake in Electronic Rentals

Vosper close to deal with Kuwait

BY RICHARD JOHNS

KUWAIT is close to concluding a \$500m. order for fast patrol boats from Vosper Thornycroft, the U.K. ship-builders.

Against

Wholesale price rises slow down

PHILIPS, the Dutch electrical group, yesterday made a bid for Electronic Rentals, owner of Visionhire, the television rental company.

Labour

Philips seeks to increase stake in Electronic Rentals

Wholesale price rises slow down

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of increase in industry's costs and factory gate prices has now slowed significantly—pointing to an almost certain decline in the 12-month rate of retail price inflation until at least the end of the winter.

Wholesale prices

Labour

Philips seeks to increase stake in Electronic Rentals

Labour

Philips seeks to increase stake in Electronic Rentals

PRICE CHANGES YESTERDAY

FEATURES

Make this the Winter you ski France

2 LOMBARD

A question of fairness

BY COLIN JONES

THE MOST interesting aspect of this year's negotiations about the coming year's Government grant to local authorities is the way in which the usual round about the level of local spending which Ministers ought to accept for grant aid has been overtaken by a bitter squabble between the local authority associations over how the grant should be shared out.

without allowing for differences in propensity to spend (that is, Labour councils tend to spend more than Conservative councils) or for the past deficits in the grant distribution system (which, because of the way the present system works, will be cumulative).

No agreement

Indeed, if the impartial observer were still in any doubt about this, then the outcome of this year's negotiations should have made it crystal clear. For the only point upon which the main working group of local authority and government officials were able to agree was the lack of acceptable and up-to-date data on which to base any conceivable method of needs assessment.

Local tax

Ideally, local authorities would like to have a system of grant distribution which would give them the opportunity to impose much the same kind of local tax burden for providing much the same standard of local services, irrespective of differences in local needs.

Catalogue

For those using non-fiction films, which may range from management training subjects to the most obscure leisure activities, the starting point for any search should be the uniquely unique British National Film Catalogue (no other country has one).

FILM AND VIDEO

Those elusive 16mm. titles

IN THE U.K., the ratio of literate people to numbers of 16mm. film projectors is approximately 300 to one.

Libraries

These are mere trailers to the big show. At a Barbican screening BP gushed with eother Alaskan epic—Pipeline Alaska—and at the other side of the City, Shell U.K. encouraged us to use less of the stuff in One Thousand Miles to the Gallon (the story of a remarkable competition in which purpose-built vehicles really do achieve this ambitious consumption).

Convenience

Some film supporters would like to see local film libraries, making the medium as accessible as books. Whereas this would be an expensive very difficult to justify, there is certainly a good case for local book libraries providing better reference facilities about 16mm. films.

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Teacher training research

Research Fellow at the School of Education, University of Bristol. The other project will look at the School of Education (B.E.S.) in-service degree courses and be conducted by Mr. Norman Evans, Research Fellow at the Cambridge Institute of Education.

RACING

BY DOMINIC WIGN

Robert Sangster's late run lands the honours

THE 1977 flat racing season ended with just about as international a stamp on the final statistics as any one could have wished for.

came the Minirel's hard fought success; then an even more dramatic victory for the same horse in the King George VI and Queen Elizabeth Diamond Stakes, and finally Lester Piggott's brilliantly executed Arc victory.

Loughmear's £140,000 price to my mind was the coup season. To-day, at Folkestone, Stover, an expensive fall Lingfield eight days ago, proved up to lifting the Hurdle provided that a reasonable luck in it.

Table with racing results: 1.15 French Saint, 1.45 The Merrickian, 2.15 Jave River, 2.45 Jan Stewer, 3.15 Redbeams, 3.45 Chichester Bird.

LEADING BOOKMAKERS met Dr. Shirley Summerskill, Minister of State at the Home Office, yesterday to argue their case against the projected increase in the betting levy.

metting Levy Board, led a tation to the Home Office day. They had already submitted in writing, for a personal hearing, Mr. Barber said yesterday.

APPOINTMENTS

Mr. Patrick M. Meaney has been appointed, with effect from November 14, a regional director of the Greater London regional Board of LLOYD'S BANK.

Adviser 'had Zurich account'

DISCUSSIONS in Tehran over a Sodefi, Gen. Broomandan, and Gen. Jahanihani who were opposed to the introduction of the Recal VRQ 301 radio system into the Iranian force's tanks.

Withdrawals for savers

Financial Times Reporter: THE NATIONAL Savings is to raise the maximum amount that can be drawn on demand at a Post from £50 to £500.

TV Radio

BBC 1 5.40 News. 5.55 Nationwide (London and South East only). 6.20 Nationwide.

LONDON 9.20 a.m. Schools Programmes. 11.55 Feltz the Cat. 12.00 Isai Noho. 12.10 a.m. Stepping Stones.

HTV 1.30 a.m. Report West Midlands. 1.20 Sports News Headlines. 2.00 Newsround.

SCOTTISH 11.25 a.m. News and Weather Report. 1.15 The Ladies' Adventure of Captain News. 2.30 Crossroads.

F.T. CROSSWORD PUZZLE No. 3513

Crossword puzzle grid with numbers 1-31 and letters A-Z.

ACROSS 1 Seat given by cleric in auction (6). 4 For this athletic event one is about to be reprimanded (4, 4).

BBC 2

11.00 a.m. Play School (as BBC 1 5.35 p.m.). 2.30 p.m. Trade Union Studies. 3.00 Looking at Documentary.

ANGLIA

1.25 a.m. Anglia News. 2.00 Homebeat. 3.15 News. 4.00 News.

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BBC 2

11.00 a.m. Play School (as BBC 1 5.35 p.m.). 2.30 p.m. Trade Union Studies. 3.00 Looking at Documentary.

ATV

1.20 a.m. ATV News. 1.35 Meditations. 2.00 News. 2.30 News.

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RADIO 1

1.30 p.m. Stereo. 2.00 News. 2.30 News. 3.00 News.

ATV

1.20 a.m. ATV News. 1.35 Meditations. 2.00 News. 2.30 News.

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RADIO 2

1.30 p.m. Stereo. 2.00 News. 2.30 News. 3.00 News.

ATV

1.20 a.m. ATV News. 1.35 Meditations. 2.00 News. 2.30 News.

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RADIO 4

1.30 p.m. Stereo. 2.00 News. 2.30 News. 3.00 News.

ATV

1.20 a.m. ATV News. 1.35 Meditations. 2.00 News. 2.30 News.

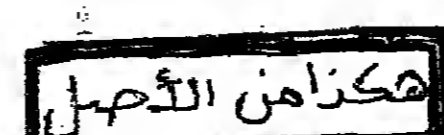
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MR. PATRICK MEANEY

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Dvorak's Fifth

As it once was, the New abundance continues into the Symphony, but the old fiddle, which ends with a triumphant flourish, returns to the pastoral moods of the early ones. Needless to say, there is a light, there is an added section.

In the first of the five parts, the symphonies appeared in the order. To describe the concert was a comparatively easy task, for the publisher, who changed the composer's name, number, 24, to 76. Even probably last, the Bohemian life and sparkle and glow never quite tame. There was a certain roughness of balance, also evident, though less harshly, in the Suite from Prokofiev's *Lone* of Three Orchestras heard earlier.

Between suite and symphony, Cristina Ortiz played Grieg's Piano Concerto. In the more intimate pages she was appealing, though she was not quite so convincing as she had been in the past. She has not lost the strength for the big how-wow side, but wisely did not strain for what was lacking. Since it must be judged a one-nighter, compared with the heavy passages, she inclined to insensitively to have it for once the other way round was a pleasant change.

RONALD CRICHTON



J. M. W. Turner: Calder Bridge, Cumberland

Tate Gallery

Turner Triumphant

by WILLIAM PACKER

The Turner Controversy, which has rumbled on, one way and another, ever since the artist's death, has not altogether been a bad thing; for it has continually reminded us that in Turner we had indeed an artist of the highest gifts, and, furthermore, that we are the proud possessors of the greater and better part of his life's work.

Turner, of course, should have known better than to endow us so generously, for such judgments, and his wider reputation, are based less on looking than on receiving opinion; but the undying fuss over his will, and a long history of official vacillation, have ensured that he is remembered, if not truly honoured. The great Turner exhibition two years ago opened many eyes, and led perhaps to a certain popular over-compassion, and this is the latest twist in the plot. The Turner Society's campaign to appropriate the Pine Rooms of Somerset House, lately restored, which were the 17th home of the Royal Academy and thus the scene of his earliest success, to his permanent location of their hero is initially attractive, and has won wide support.

Never anyone's hero, and now in the awkward role of Dog in the Manger, the Tate Gallery holds all but a handful of his Turner oil paintings, and can never hope to show them all. The very idea of public property, and masterpieces at that, considering our out of sight in not-so-public, vaults, naturally scandalises the modern democratic mind. Accessibility is very dear to our hearts. Why, so the question goes, cannot these particular masterpieces be shipped downstream a mile or two, to grace these, so conveniently empty walls?

But you will guess, of course, that it is not so simple. It is often forgotten that Sir Joseph Duveen presented five galleries to the Tate specifically to house the Turners, and in some measure, to satisfy the

terms of the Bequest. They have always been put to this use, and at the moment hold 126 works, just under half the full complement. Rather more than three-quarters of the remainder are oil sketches. Immediately the need for an adequate showing of Turner seems somewhat less pressing. The Tate has had the charge of the Turner oil paintings throughout this century, and the responsibility for their rescue and conservation, discharged in circumstances that have been far from easy. The recent exhibition at Somerset House, of paintings of the Thames, showed clearly how well the Turners would look there, in room with the work of many other artists; and it would be to lose many opportunities to commit the same to single use. The problem really is not the proper disposition of Turner, so much as finding the best use for the Pine Rooms.

The Tate, meanwhile, to mark the publication of the full catalogue of the oil paintings of Turner, has put on a small exhibition of works by him that are comparatively unfamiliar, some still in private hands, some from institutional or municipal collections, and one or two, recently cleaned perhaps, from the Bequest (the water-colours of which are held at the British Museum). It is an exciting show, full of treats and the odd laugh which is quite in order, for Turner's ambition sometimes played him false, and his subject-composition sometimes veered on the ludicrous, joke figures in the landscape. A wide range is covered, early and late, in only 23 works, and the concentration is enlightening, particularly in the group of sea paintings.

The large Bridgewater Seapiece, "Dutch Boats in a Gale", commissioned by the eponymous Duke as a pendant to his "Rising Gale" by Van der Velde, is a remarkable work, not least for being by one so young. Con-

The Entertainment Guide is on Page 30

and the lightness of drawing and touch tells its own story. Lord Clark's Seapiece of 1845 is the most abstract and for me, with its greys, greens and pinks, the loveliest painting in the show.

Turner was an instinctive master of water-colour, and his earliest reputation rested on his work in the medium; but his ambition led beyond the scope of a mere water-colourist. He measured himself against Claude and Rembrandt, and he wanted to be the greatest history painter of his day. In the end he must have thought himself to be a failed man, for he was always misunderstood, and his contemporary reputation was very mixed. Standing at the end of the eighteenth century he was a transitional figure in an age of revolutionary change, seeing himself as heir to the great tradition yet being, in fact, one of the leading figures of Romanticism, and the greatest of innovators. The late works we so much admire, so hard to take in their own time, were to him, too, I suspect, unfinished and unresolved, yet they are undoubtedly great works.

In the first decade of the century Turner began to use oil paint as though it were water-colour, with the same freedom and spontaneity, and the same subtlety of effect; and through his own technical mastery in both media, he freed painting from the tyranny of technique, a mixed blessing certainly, which restorers may regret more than most, but which has given us some of the most beautiful paintings ever made.

The Tate neatly demonstrates the development with this small show (closing December 31; Martin Butlin and Evelyn Joll tell the full story, chapter and verse, in their mammoth opus, "The Paintings of J. M. W. Turner" published by the Yale University Press in two volumes, 313pp and 556 plates, at £65 complete—£30 after January 1). A deceptively short introduction and we are into the catalogue, picture by picture, illustrated wherever possible, giving the history, provenance and a detailed description of each work, as far as it is known. The organisation is loosely chronological, obvious groups of paintings kept together, and works exhibited in Turner's lifetime dealt with first; though the plates do not always march with the text, which makes for some (not much) fumbling.

Only the known oil paintings are covered, those in the Bequest by Sir. Butlin, those elsewhere by Mr. Joll. Like any definitive reference book, which this is, it is obsessive reading. The compilers make heavy weather occasionally of certain points of attribution, quality or location (it seems reasonable to me that the Victory returning from Trafalgar should sail up the Channel), but this is as nothing in what is above all a remarkable and invaluable piece of scholarship.

Elizabeth Hall

Krystian Zimerman

Two years ago, when he was still 18, the Polish pianist Krystian Zimerman won first prize at the Chopin Competition in Warsaw. Since then he has made records for DG, played widely in Europe, and appeared under Bernstein in the Festival Hall. Word has come round the magnificent account of Brahms's Elizabeth Hall was all but sold for his debut recital there on Sunday afternoon.

The audience will not have been disappointed. Zimerman is a very exciting young pianist of the greatest promise, whose playing has everything one could expect from a prodigy: technical assurance and remarkable strength, displayed with charm, presence, wit and style. There were some excesses, eminently forgivable: occasional jabs at the keyboard, a few unexpected hand-falls of wrong notes, once or twice a slightly breathless, unexpecting flourish, and a few moments of the softest pathos and tenderness; but of little consequence in performance of such undeniably clear and evenly balanced, every gesture firm. His finale was a burst of colour, hymn of celebratory sonata (op. 13), tion, superbly held in check. If warming slowly to the music, the stars have it right. Zimerman's way into the first man is a name we shall come to movement with force, but some-

times stiffly—and most oddly—capitulating the Grace introduce together with the simple musical sense should rule out parallels with the Sinfonia of Bach's C minor Partita. But the heart and centre-piece of his afternoon was a magnificent account of Brahms's F sharp minor sonata—the first movement's mad, marvellous pastiche of Lisztian grand manner held firm with a grip of steel; the andante astonishingly avant-garde essay of 1852, whose beautifully shaped and coloured; the finale driven with tremendous energy, hard and fast. He ended with Chopin's B minor sonata: a confident, whole view of the music, beset by the usual miscellanea, but wonderful: occasional jabs at the keyboard, a few unexpected hand-falls of wrong notes, once or twice a slightly breathless, unexpecting flourish, and a few moments of the softest pathos and tenderness; but of little consequence in performance of such undeniably clear and evenly balanced, every gesture firm. His finale was a burst of colour, hymn of celebratory sonata (op. 13), tion, superbly held in check. If warming slowly to the music, the stars have it right. Zimerman's way into the first man is a name we shall come to movement with force, but some-

DOMINIC GILL

St. John's, Smith Square

Balfour Gardiner

A great-nephew's gesture brought an unusual and delightful if undemanding miscellany of music to St. John's on Sunday. John Eliot Gardiner, the distinguished young conductor of the Monteverdi Choir, presented a programme in honour of Balfour Gardiner, who would have been 100 yesterday. Choral and orchestral works not only by Balfour Gardiner, but by Vaughan Williams, Holst, Delius, Quilter, Bax and Grainger conveyed the distinctive flavour of English music in the first quarter of this century—its late-romantic impulse and its attempts to turn folksong into art-song.

Gardiner was not only a composer whose Shepherd Fennel's Dance is still available on records. Being a man of means, he was also a generous patron of other musicians. His position on one, with a property interest in Jean Temperley, and friendships which were strikingly brought out on this occasion and set me wondering how it has indeed impressed more than the part in the high spirits of the Movement for Strings (orchestra Last Night of the Proms).

ARTHUR JACOBS

Elizabeth Hall

Jarry & Pludermacher

The programme offered by M. Jarry and Georges Pludermacher on Sunday evening occupied a modest space of time, but it was of unusual den-

Three violin-and-piano sonatas by 20th-century masters: Debussy's only one, Bartok's Second, and Georges Enesco's Third—a fantastic half-hour work culled from the idiosyncratic Romanian gypsy music. I work was shaped with impeccable tenderness, its seemingly wayward moods fused into a com-

modelly elegant line: really a model performance, and one which combined the virtues of the best Gallic music-making.

DAVID MURRAY

Studio

The Lady from the Sea

and how boringly respectable it was! In contrast, the elder daughter, Bolette, though she longs for freedom as much as Ellida, is kept sweetly domestic by Rosalind March, even in the beautifully-played scene where she contracts an alliance with her old tutor Arnhim (Michael Borrell) that has the same objections we have seen in Wangella's.

Her younger sister, Hilde (Lyndy Lawson), juvenile though she may be, can't at least see through the male egoism of the silly young doctor, Lyng, whose illness, David Dixon can cover with his youth. Can this, by the way, be the same Hilde Wangell that later eluded all that bother with Solness the master-builder?

Wangell, as William Russell shows him to be, is a nice kind old, teddy-bear, with only the faintest hint of a weakness for the hard nut and immense patience with his second wife's nonsense. His garden, tree-girl and her telephone-poles in Poppy Mitchell's decor, takes on an odd, romantic quality under lighting that mostly filters down from above.

What Ballested is for I've never completely understood, why he best of things, young, address, briefly addressed in German before being dismissed for their subsequent duties as stagehands. I suspect Ibsen had something in store for him that he later discarded. In the first scene he shows us his seapiece with a blank space where he is to put a stranded normal when he can find a model; and Ibsen's when she is doing all she can to fit into the pattern of to be The Mermaid.

B. A. YOUNG

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Even to the extent of having to repeat yourself.



New York opera

Boris, Pelléas, Girl

 by ANDREW PORTER

The Met season opened with a revival of Boris Godunov — August Everding's noble, serious but swift-changing scenery, by production, in grandly beautiful Ming Cho Lee. The score is Mussorgsky's, not Rimskyd — a conflation of the two Mussorgsky versions, including both the St. Basil and the Kromy Forest scenes, switching editions in the study scene. As on the first night of the show, in 1974, Maria Taveira sang Boris. He gives a large, grave, and honest performance. But I find him lacking in grandeur of tone, and mazzec and in subtlety of inflexion and timing — rather too plain.

There was a new Dimitri, Wieslaw Ochman, whose voice has grown in recent years; he was ardent, incisive and a vivid actor. And, a new Fyodor, Robert Sapolsky, who is the best boy I have ever heard in any opera — totally assured, quite self-conscious, with a voice that sang out into the huge Metropolitan. Florence Quivar's Met debut, as Marina was a disaster: she was so froggy and faint that one wished the Polish act had been cut. Marius Rintzier was a small but jolly Valaam. Paul Plishka as Ippolit was firm and eloquent. The opera was sung in Russian, which seems to me a mistake, since it is a tongue not comprehended by most of the audience or the cast. Kasimierz Kord's conducting was assured and well paced.

On the second night there was a revival of Pelléas et Mélisande, a 1972 production by Fabrizio Melano in romantic décor by Desmond Heeley. And that the season should start with Boris and Pelléas shows that James Levine and John Dexter mean to run their Met seriously; the

roles had evidently studied their parts carefully. She had some touching and effective moments, but he was prosaic of timbre and wooden in his acting. As Ynold there was another good boy, Adam Guettel, Jerome Hines was a dreary Arkel.

At the City Opera there is a new production of The Girl of the Golden West—well, no, of *Lo fanu-ru del West*, since the piece is played in Italian. Not exactly new, but borrowed from the Miami Opera. Designed by Robert O'Heirn, produced by Frank Corsaro, it lacks the lavish scenic enchantments on which Belasco and Puccini both counted—even though there are some very handsome faces. As usual, I enjoyed the first act, enjoyed the finale, but felt that the piece needed something more slip-up, vocally and visually, to prove the sort of winner it seems to have been at Covent Garden earlier this year.

Carol Neblett and Placido Domingo, the Covent Garden principals, are ex-City Opera singers. On the first night of *Fanciulla*, Domingo made the begging speech ("We're in dire straits; each one of you, please put a dollar in the young ladies' baskets") with which all City Opera performances have begun this season. One wished that he and Ermanno Mauro, who sang Dick Johnson, could have swapped roles, since Mauro was unromantic and had only some ringing high notes, brilliant in quality, to recommend him. Marjale Niska played Minnie with high accomplishment; she would have been very winning had her singing not been so strident at climaxes. Charles Long was a lightweight but sure Rance, Sergio Comissano, conducting with warmth, fire, and delicate control, was the hero of the evening.



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Parallel with the Exhibition, a five-session Conference will be held in the superbly-equipped Heathrow Hotel Video Theatre with its personal TV monitors at every seat. Subject categories are Medical Television, Programming and Production, Applied Industrial Video, Technical Seminar, and Television Sound.

Write to, or telephone, Wendy Smeeth, Video & Audio-Visual Review and she'll forward a free Exhibition tickets and details of the £5.45 per session Conference, Video & Audio-Visual Review Editorial, FREEPOST, Link House, Dringwell Avenue, Croydon CR9 2TA Telephone 01-686 2599.

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EUROPEAN NEWS

Report from Number One Wall Street



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Complementing this personalized service, Frankfurt Branch distributes to its customers the Irving's Foreign Exchange Market Trends, which is published by the Economic Research and Planning Division in New York and available in both English and German.

Disputes grow in Portugal's forces

By Diana Smith

LISBON, Nov. 7. THE IMPENDING resignation of Portugal's Vice-Chief of Staff of the armed forces, General Loureiro dos Santos, and the replacement as commander of the Northern Military Region of a markedly right-wing officer, Brig. Pires Veloso, by the apparently non-political Brig. Duarte Silva, have drawn attention to growing differences of opinion in the armed forces.

General Loureiro dos Santos, personal choice of President Eanes, was appointed Vice-Chief of Staff earlier this year so that the President could devote more time to civilian politics and leave restructuring of the armed forces to a man he trusted absolutely. However, the General was apparently never given legal tools to override often displeasing commanders-in-chief of the army, navy and air force and he now seems to have given up the struggle.

Furthermore, there have been persistent rumours that he had dropped the non-political stance the President expects from all military men, and was becoming involved behind the scenes with leaders of opposition parties to the right of the Socialists. This factor adds a complex note to his resignation at a time when President Eanes is struggling so far without visible success to rook political leaders to forget personal differences and ambitions and work towards a common policy.

The replacement of the outspoken Northern Region commander, Brig. Pires Veloso, had been expected some time. He had become something of a messianic figure for right-wing parties in the traditionally conservative North but became physically hampered after a helicopter crash last year which put him into hospital for many months. His departure has already brought protests from his civilian admirers.

Employment in the Soviet Union

Structural faults

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

SOVIET COMMENTATORS have made much of the fact that their new Constitution gives every Soviet citizen the right to work. By common western consent, Soviet reality appears to respect this right more widely than most. Echoing from the last war when emigrants who have lost their jobs and face charges of parasitism, evidence of unemployment is rare.

To some extent the Soviet achievement in eradicating widespread unemployment hangs on what is meant by that term. As an official at the State Labour Committee in Moscow put it in a recent interview: "You in the West see employment in purely economic terms. We add the social factor." In other words, there must be cases where workers are taken on whether or not there is something for them to do.

But such hidden unemployment is less important than the fact that the Soviet Union is currently gripped by a critical labour shortage—at least where it matters. All the signs are that it will get worse. More to the point, then, is that other Article in the Constitution which makes it every citizen's "duty and matter of honour" to work. The country needs every pair of hands it can get. (The fact that the Constitution describes work as both a right and a duty is not, according to the same Labour Committee official, a contradiction. The Leninist principle applies: "He who does not work, neither shall he eat.")

At least on the face of it, the labour problem is clear-cut. There are not enough people of working age to fill all available jobs. Many employers particularly those in outlying areas, often make do because of the tight internal migration laws or the fact that young people have to do a spell in the provinces after completing their training. Generous pay incentives are also used.

The problem is aggravated by the fact that traditional reserves of labour such as agriculture, the retired, and the female population have been heavily drawn on. The farming community is

being depleted as fast as possible; there already are 14m. pensioners on full or part-time work; over half the working population is composed of women. Because of what Soviet officials call the demographic echo from the last war when 20m. people died, there will shortly be a drop in the supply of new labour. While the able-bodied population is expected to grow by 15 per cent this decade, the rate will drop to a mere 4 per cent in the 1980s.

So the economic emphasis is on raising labour productivity, equipping factories with efficient machinery, and developing labour-saving technology. Hence, Russians' interest in trade with the West.

But this represents only one side of the picture. As any western visitor to the Soviet Union quickly notices, there is anything but a labour shortage in hotels, ministries, party organisations, indeed anywhere you care to look. By western standards, every office is grossly overstaffed, and the number of functions still performed by human hand is surprising. Far from grappling with a labour shortage, the Soviet Union would seem to be suffering from poor labour deployment. Since overmanning invariably seems to occur in less skilled occupations and shortages among the highly skilled, the problem seems to be connected with the inadequacy of training.

All this is indirectly admitted in the Five Year Plan which talks at length of the need to introduce new technology and raise efficiency, while at the same time calling for the establishment of a labour intensive industries "in areas with a favourable balance of labour resources."

And if this were not convincing evidence that labour is not being put to the best use, the simple fact that the Soviet Union produces a GNP less than half that of the US with a population that is some 50m. higher than in the rest of the country. New methods applied more quickly, and the advantages of settling in Novosibirsk. The good point that labour productivity in Siberia has to be—and is higher than in the rest of the country. New methods applied more quickly, and the advantages of settling in Novosibirsk. The good point that labour productivity in Siberia has to be—and is higher than in the rest of the country.

larger would seem to be itself. Many of the problems of labour deployment are of the system's own making. Salaries imposed on the vast majority of major towns reduce mobility of the labour force, making it hard for outsiders to get into thriving industrial centres unless they have the qualifications. On the other hand, the areas that are generally of labour, like Siberia and the East, have great difficulty at attracting new settlers and—until now—settling them. Since 1970, the population of Kiev, for example, has grown much faster than that of the major towns east of the Urals. The more distant re-offer wage bonuses and incentives like a flat, but has yet to offset the obvious disadvantages of settling in Novosibirsk. The good point that labour productivity in Siberia has to be—and is higher than in the rest of the country.

The shortages of civilian labour are connected, with other things, with the demands made on manpower by the armed forces. According to the International Institute for Strategic Studies, the 5 Union currently has around 2.5 million under arms, plus 75 million reservists. It is true that the Soviet Union still has a substantial reserve of civilian labour.

There are ideological obstacles to the more rational deployment of labour. One is the fact that the present retirement age of 60 for men and 55 for women should not be sacrificed in an attempt to get more out of the workforce. Another is the fact that the Soviet authorities do not seem to have a few experts superfluous to the installation of important equipment.

There are ideological obstacles to the more rational deployment of labour. One is the fact that the present retirement age of 60 for men and 55 for women should not be sacrificed in an attempt to get more out of the workforce. Another is the fact that the Soviet authorities do not seem to have a few experts superfluous to the installation of important equipment.

Bank survey shows Europe's \$200bn. investment lag

BY JOHN WICKS

ZURICH, Nov. 7. THE PAST TWO years have seen an investment lag in major Western industrialised countries of some \$200bn., according to a study published by Union Bank of Switzerland. The Zurich bank comes in this conclusion by taking the share of investments in the gross domestic product of ten leading West European countries, the U.S. and Japan in 1975 and 1976 and comparing

the figure with the average for the 1970-73 period. The study claims that sluggish investment activity is the main reason for slow economic recovery in most industrialised countries, whereby existing investment levels are generally insufficient to make up for declines booked in 1974 and 1975. Even in the United States, where private-enterprise plant invest-

ments are seen as rising by some 11 per cent in real terms this year after a corresponding 22 per cent increase in 1976, Union Bank contends the real investment volume will in 1977 be at the same level as five years ago.

In Europe, the United Kingdom's investment share in gross domestic product is given as the lowest of the countries covered in the 1970-74 period and a year after a corresponding 22 per cent increase in 1976, Union Bank contends the real investment volume will in 1977 be at the same level as five years ago.

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Here you see a Swissair owner signing a contract.



On the farmhouse that has belonged to the Hofmann family for six generations is a sage inscription: "He that his house by the road doth build, must expect his ears with talk to be filled."

Aitikon, Switzerland, on a summer afternoon of 1977. Two men are shaking hands — not that they have just met or intend to go their ways. They are merely signing a purchase contract in the old, tried-and-true fashion. The purchaser of Zibeline, 10, milk cow, is Ernst Hofmann, 68, a cattle-dealer to whom the old saying still applies, "His word is his bond."

He also owns part of the Swissair Boeing 747 in which you may be taking your ease on your next flight. For years now Ernst Hofmann has been investing part of his earnings in Swissair shares. So he's a cattle-dealer and a co-owner of Swissair. One of more than twenty thousand farmers, accountants, godchildren, house-

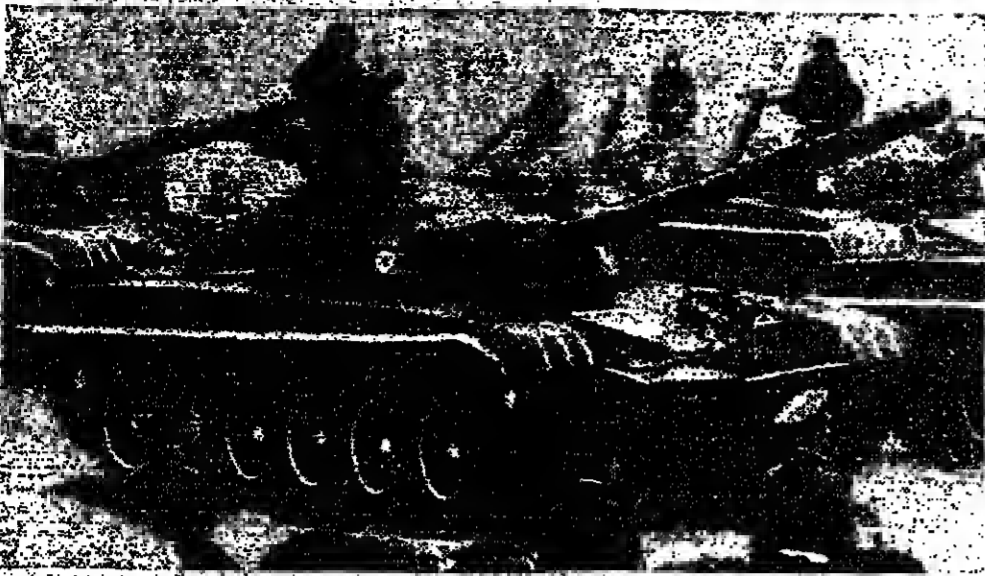
wives, physicians, teachers, in short private citizens who hold a piece of Swissair. Taken together, in fact, they own quite a sizeable chunk — almost three-quarters of the shares. Ernst Hofmann may never board a Swissair jumbo jet. But he quite simply expects the service on board, and of course on the ground as well, to be outstandingly good. So good

that your last flight with Swissair will not be your last Swissair flight. So that his last dividend from Swissair will not be his last. Swissair would hate to disappoint either of you.



مكازم الأحول

EUROPEAN NEWS



A squadron of the Soviet Union's new T-72 battle tanks rumble through Red Square.

F-72 leads Red Square parade

BY DAVID SATTER

MOSCOW, Nov. 7.

SOVJET Union today played some of its formidable weapons, including the first fully automatic loading system in a Soviet tank. In a speech in a reception in the Kremlin Palace of Congresses, Mr. Brezhnev said that "lasting, reliable peace" is the prerequisite for all the plans of the Communist Party. For this reason, he said, Soviet peace efforts are now marked by special intensity. Mr. Brezhnev and the rest of the Soviet leadership, as well as Mr. Erho Kekkonen, the Finnish President, and leaders of Communist and left-wing parties from a number of countries reviewed the two-and-a-half-hour parade from the tram carriage from the Lenin Mausoleum.

The T-72 tank, which is regarded by Western experts as the most formidable in existence, is a point that was made during the parade. Square in two squadrons with a total number of 48 vehicles and a crew member in the turret of each as by those of the other tanks. The T-72 is wider and lower than its predecessor, the

Mitterrand talks call rejected

By David Curry

PARIS, Nov. 7.

SOCCIALIST LEADER Francois Mitterrand yesterday drummed the dissident Left wing of his party back into line and challenged the Communists to return to the negotiating table "without preconditions and without delay" to work out their joint programme for next year's general election.

His proposition was immediately dismissed as "ridiculous and regrettable" and amounting to a "diktat" by the Communist official newspaper *L'Humanite*.

The Left wing faction of the Socialists, the Ceres group, which accounts for perhaps a quarter of party membership, last week proposed taking steps towards the Communists, notably by increasing the nationalisation list, in order to resume talks on the electoral programme. But at the national congress over the week-end—the last big Socialist gathering before the March election—the proposals were systematically defeated by a succession of "main-stream" speakers culminating in M. Mitterrand himself.

The events of the week-end mean that M. Mitterrand is likely to go into the elections the master of his own house even if it is without the Communist alliance. The interest now will centre on whether, with his own troops dressed into line, he will be ready to accept the challenge of the propaganda war launched by the Communists against him.

Turkey willing to satisfy IMF

BY DAVID TONGE

ANKARA, Nov. 7.

THE TURKISH Government today said that it was willing to meet the conditions laid down by the International Monetary Fund for an IMF loan agreement. Such a loan has been made essential by the country's foreign exchange crisis and the queue of overdue foreign exchange payments, which has built up to over £1bn.

Foreign bankers say they have told the Minister of Finance, Mr. Cihat Ulgehan, that Turkey will not receive any further bank credit until it meets the conditions attached to a major loan agreement with the IMF.

An IMF team has been in Ankara since October 13 and its demands for austerity have caused acute problems for the three-party right wing coalition Government, which is already

deeply split on both foreign and domestic policy.

However, in an interview published in the liberal daily *Milliyet* this morning, Mr. Ulgehan said: "We want to sign an agreement with the Fund. If 1978 figures to be clarified as soon as possible. Our current budget figures are ready. We are waiting for the investment and transfer figures from the State planning organisation."

There has been bitter disagreement in the coalition over the IMF's demand that the Government's ambitious heavy industry programme be pruned. But with the country's current account deficit expected to be around £2bn this year, the main advocate of the programme, Mr. Necmettin Erbakan, leader of the pro-Islamic National Salvation Party, has found himself receiving little support from his colleagues.

Further austerity measures and an additional devaluation sought by the Fund are not expected before important local elections due on December 11. On the contrary, the Government has just announced an increase in civil service allowances—to effect a rise in salaries of up to £30 per month—which will increase the budget deficit by TL10bn in a full year. This is equivalent to one quarter of the savings resulting from the September measures.

The Minister told *Milliyet* that the Government did not envisage freezing wages—an almost impossible move in today's circumstances—and that the agreement with the IMF would be for one year.

Ankara's defence spending worries NATO

BY DAVID BUCHAN

BRUSSELS, Nov. 7.

IN THE light of the current visit by an International Monetary Fund (IMF) team to Ankara, NATO officials are now expressing concern that Turkey is spending more on defence than its economy can bear. In particular, they see the \$500m. a year that Turkey is now paying out across the exchanges for foreign arms as a key factor in its present balance of payments shambles.

NATO officials, whose preoccupation with alliance members usually follows the lines

of its recent letter to the British Government deploring that country's latest defence cuts, privately feel the Turks may be making the opposite mistake of overdoing it.

Turkish officials admit that defence expenditure, estimated at \$2.45bn in 1977-78, takes 100 high n share (nearly 30 per cent.) of the budget. But they see little option but to continue buying heavily abroad, given the denial in Turkey of military aid under the terms of the 1974 U.S.

arms embargo, and increased tensions in Cyprus and in the Aegean with Greece.

NATO officials say they are still trying to persuade the European members of the alliance to plug at least part of the gap caused by the U.S. embargo by selling arms to Turkey on softer terms. So far, only West Germany has played a substantial role in doing so—partly through its official military aid programme (some of which goes to Greece) and through guaranteeing

credits on arms exports to Turkey.

But in the present state of the Turkish economy, such guarantees are becoming harder to provide, and current negotiations for Turkey to buy some 180 Leopard tanks have snagged on this point. The NATO officials admit that if the well-off West Germans, with their historical links with Turkey, cannot do more to help, then none of NATO's other European members are likely to.

German bank's wage plea

BY GUY HAWTHORN

FRANKFURT, Nov. 7.

ST. GERMANY'S bankers to-per cent. in 1976, but they less appealed for restraint during 4.5 per cent. in 1977. The import year's "wind of wage rises" are not independent in the hoped-for long, urging that settlements economic upswing in the shape will take into account the of purchasing power were not rent level of corporate profits, to be lost.

Herr Poullain, frequently an t of the Federal Association independent voice in economic German Banks, said the policy matters, also, was more hopeful than the recent joint report of the Ave leading economic id prove illusory if there instabilities about next year's settlements above the justifies 3 per cent. to deal with the prediction, he said.

continued weakness of capital. He recommended that the estment should take foremost Bundesbank consider a slightly ority in all economic policy, lower target rate of growth of said.

Adrian Dicks adds from when the target of 4.5 per cent. rate of growth in the tative Poullain, chairman of central bank money stock in new s Deutsche Landesbank Giro being clearly exceeded after a "cold" called today for wage cuts in the first few reases of no more than 5.5 months.

Stricter anti-merger powers urged

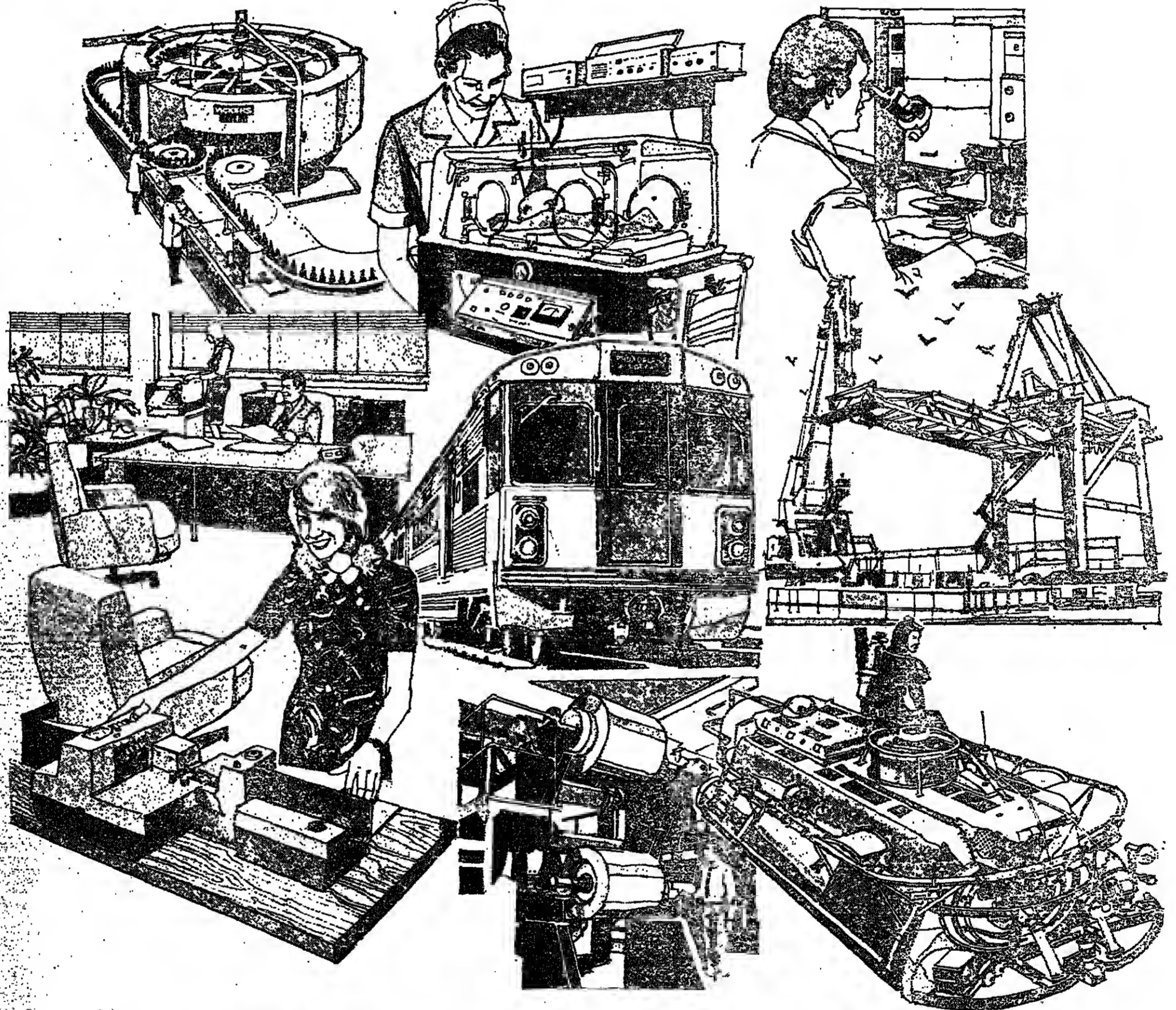
BY ADRIAN DICKS

BONN, Nov. 7.

RONGER AND better-defined their own sphere, when these are dominant in small and merging sized companies.

The paper defines a big common party for this purpose as one with a turnover of DM20m. (£500m.), and offers several different ways of identifying the type of market which it feels such large concerns should not be allowed to enter without approval.

Further, it suggests that all mergers involving a company with DM20m. turnover, or two companies with a turnover of more than DM10m. apiece, should be compulsorily reported to the Federated Cartel Office.



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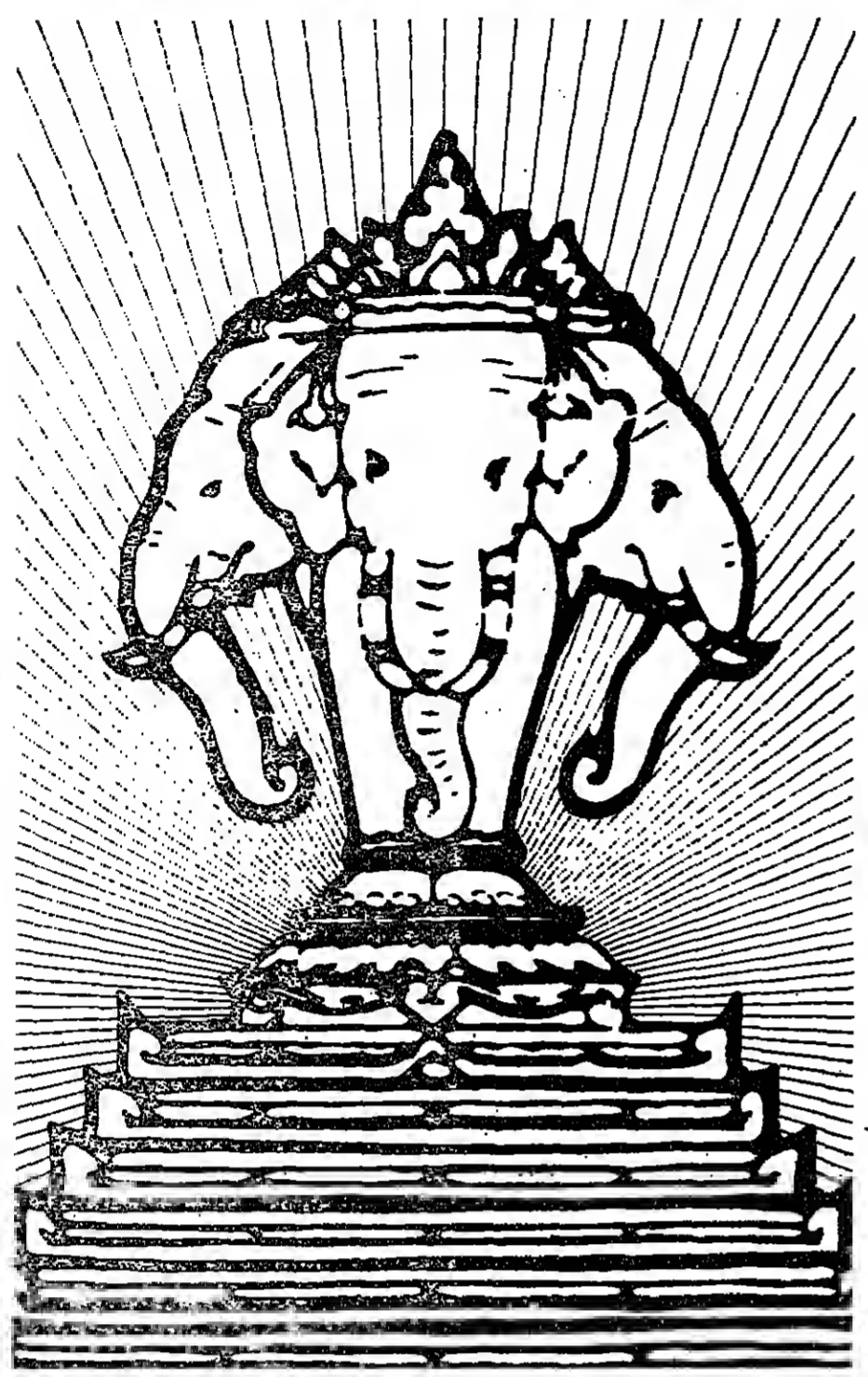
the summer by a £5 million order from China for 500 tons of complex engineering, which make up a unique tyre, wheel and brake dynamometer.

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AMERICAN NEWS

New urban policy sought in U.S.

By David Bell
WASHINGTON, Nov. 7. THE CARTER administration has now begun to grapple with one of the most intractable problems facing it—the seemingly irreversible decline of most of the largest U.S. cities, an accelerating process of decay that defies easy solution.

The President has been under unremitting pressure to propose a major new urban policy which would direct federal money—as much as \$10bn.—into the depressed and seedy central areas of the major cities. But Mr. Carter is temperamentally suspicious of such initiatives, partly because of their cost and partly because, like many other Americans, he has come to doubt their effectiveness.

However, an inter-agency group is now hard at work trying to find a way to break the constraints of which may be an urban development bank with an initial appropriation of perhaps \$2bn. in its first year. The precise role of this latter debate between the Treasury and the Department of Housing and Urban Development but it will probably be given the task of making loans to central area projects of which commercial banks are suspicious.

These projects will not be "soft"—that is, schemes which are of dubious viability—but rather projects which have a good chance of success but just too much risk for the commercial banks. Advocates of the bank concede, however, that there is not an abundance of such schemes to be found and that their overall impact on unemployment in central areas may be minimal.

Indeed, the unemployment and illiteracy problem in the centre of cities like Detroit and Philadelphia is awe-inspiring. One survey last week reckoned that up to 50 per cent. of black teenagers in the heart of America's larger cities may be functionally illiterate. Finding a way to reach them, train them, and then employ them may well actually be beyond the capacity of any government agency.

The authors of the proposed Presidential policy fervently hope that this is not the case. They believe that if the cities are approached in a co-ordinated way—and if the Federal Government acts to correct "the tilt towards the suburbs"—progress can be made. With some bitterness they also claim that the eight years of Republican Government which has just ended stopped the earlier urban policy in its tracks and starved it of money just when it was beginning to work.

But there is no sign that the new policy—some details of which have been emerging here these past few days—will go to the heart of the problems. In particular, it appears that it will not address the basic problem which is that the structure of U.S. local authorities is an anachronism that compounds the problem. The rich suburbs that ring most of America's large cities are quite separate political entities from the cities beside them.

Quebec PM returns from France to rousing welcome

By Robert Gibbens
MONTREAL, Nov. 7. SEVERAL ministers of the Parti Quebecois government were on hand for the welcoming and said publicly that the turnout at the airport was much larger than when Premier Jean Lesage and the late Premier Daniel Johnson returned from official visits to Paris in the 1960s.

However, the tone of M. Lesage's comments was much more restrained than the results of the visit than in the cases of the other two Premiers. Canadian Federal Government sources in Ottawa said that the visit of M. Lesage, and the protocol treatment by the French National Assembly, were being studied carefully. But "We are not measuring the length of the red carpet," Mr. Gerard Pelletier, the Canadian Ambassador in Paris, was quoted as saying in a Paris interview.

The main point of complaint in Ottawa is that the National Assembly and the Government, in some extent, treated the Quebec Premier as a head-of-state.

Peace ball in Michigan iron ore dispute

By John Wyles
NEW YORK. NEW PROPOSALS for ending bitter three-month steel iron-ore miners are to be a ballot of local leaders over the next few weeks. The strike by 16,000 workers in northern Minnesota, Michigan has been the serious test of the leadership of Mr. Lloyd McBride since election as President of United Steelworkers' nearly this year. Mr. McBride endorsed the peace proposals as the best way although they fall short of miners' demands.

The demands focused on a for incentive payments to those available to plant workers who now 55 cents an hour more than the miners.

It is believed that the eight miners' demands, the most contentious in the package, were first proposed by the strike as violating a three-year contract negotiated last April because the terms of incentives was a key issue.

Virginia, New Jersey are Republican poll hopes

By Jurek Martin, U.S. Editor
WASHINGTON, Nov. 7. READERS of the political rumormongers will be peering closely at a handful of elections due to take place across the country tomorrow, but the chances are that it will be next to impossible to discern trends that can be applied nationally.

The 87-year elections are, in fact, more "light" than most. Only two governorships are being contested, in New Jersey and Virginia, while there are mayoral races in eight big cities, headed by New York.

A number of local referenda are also on the ballots, running the usual range from pornography, through conservation, to repeal of local "blue laws" which inhibit public activities on Sundays in several large cities.

The main hope for the Republican Party is that it will win both the gubernatorial contests and be able to pin the Democratic defeat on to a national level with President Carter's performance in the White House.

Republican criticism of the president has become especially vocal in the past year as the party seeks to generate momentum for the much more important congressional mid-term elections next year.

Mr. Carter has campaigned for both the Democratic gubernatorial candidates—at a time when both appeared to be the underdogs—and a defeat in either state would certainly provide Republicans with some ammunition.

In Virginia, the Democratic contender is Mr. Henry Howell, an old-style southern populist who has run for the state house twice before, and who has now "cleaned up his act," dined a suit and proclaimed himself a Carlesque conservative, at least on economic matters.

His Republican opponent, Mr. John Dalton, is a somewhat grey, low-keyed conservative businessman from the south-western Virginia mountains, who has appreciated that perhaps the best issue he has going for him is Mr. Howell's mercenary personality.

Virginia has become a very difficult state to predict politically in recent years. Its current governor, who cannot succeed himself, is a Democrat-turned-Republican. The old Byrd Democratic machine is not the force it was.

It was the only southern state to go against Mr. Carter's candidacy last year. It comprises a mixture of the affluent northern suburbs of Washington, Old Line money and influence in the middle, and rural, and, among poverty towards the south.

Most of the polls give Mr. Dalton the lead, but Mr. Howell is making his ground.

The New Jersey race pits the incumbent Democrat, Mr. Brendan Byrne, far behind his Republican opponent, State Senator Ray Bateman, largely because Mr. Byrne introduced the first local income tax in the state last year. But according to the polls, Mr. Byrne has moved appreciably ahead, partly, it is said, because he has been able to convince the citizenry that, without a new income tax, property levies would have risen drastically, and partly because Mr. Bateman has been too significant an opponent to carry the attack to the incumbent.

Guyana suga workers strike proves costly

By Our Own Correspondent
GEORGETOWN, Nov. 7. THE GUYANA Government began to count the toll of a costly strike in the sugar industry when in the late Mr. Tao Aiken, Agriculture Minister, Gavir Kennard, told a conference over the week that the strike will mean the 1977 sugar output Guyana will be no more than 200,000 tons, which is substantially lower than the estimated target of 31 tops. The tonnage lost mean a drop in foreign exchange earnings of \$200m, and workers will about \$2m in wages.

Mr. Kennard said, however, that the reduced output will affect Guyana's market commitments. The main buyer of Guyana sugar, under a 1974 Convention, Guyana a quota of 167,000 tons.

The minister maintained official line that the strike, which is motivated by opposition to People's Party through its trade union, the Guyana Agricultural General Workers' Union (GAWU).

The strike was called August 24 by the GAWU which claims that workers are owed about \$1 in profit shares for the year 1974-76.

Efforts by the Trades Union Congress here to negotiate resumption of work on behalf of the GAWU have stalled over industry and government refusal to sack 6,000 persons recruited during the strike continue the harvest.

9 Months.

	Three months ended August 31		Nine months ended August 31	
	1977	1976	1977	1976
AVCO CORPORATION				
	(Thousands of dollars)		(Thousands of dollars)	
REVENUES	\$206,034	\$183,388	\$ 595,567	\$536,806
Financial services	139,777	132,886	430,792	404,651
Products and research	24,764	19,973	69,263	46,988
Recreation and land development	\$370,575	\$336,247	\$1,095,622	\$988,445
EARNINGS	\$ 44,825	\$ 10,651	\$ 44,011	\$ 29,380
Financial services	11,094	11,432	29,249	26,412
Products and research	(363)	(3,240)	(2,740)	(10,788)
Recreation and land development				
EARNINGS FROM CONTINUING OPERATIONS before unrealized gains (losses) on foreign exchange fluctuations	25,556	18,843	70,520	45,006
UNREALIZED GAINS (LOSSES) ON FOREIGN EXCHANGE FLUCTUATIONS	(6,307)	1,859	(5,962)	9,137
DISCONTINUED OPERATIONS	—	11,958	(400)	32,356
EXTRAORDINARY TAX CREDITS	19,249	32,660	64,158	86,499
NET EARNINGS	2,756	2,800	9,169	8,000
	\$ 22,005	\$ 35,460	\$ 73,327	\$ 94,499
Per common share, primary	\$ 1.60	\$ 2.73	\$ 5.51	\$ 7.14
Per common share, fully diluted	.93	1.52	3.13	4.08

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POPULATION IN BRAZIL

Few funds for family planning

By David White, Rio de Janeiro Correspondent
THE POPULATION of Brazil, now more than 110m, will soon overtake that of Japan. As the total increases at the rate of 3m a year—despite, in the reckoning of a former education minister, some 1.5m. illegal abortions annually—the Federal Government is taking its first cautious steps towards sponsoring contraception.

In a country which nominally has more Catholics than any other and where governments have never taken issue with the Vatican line on birth control, that is a significant change. The Federal programme, which is not termed "birth control," provides contraceptive devices solely in cases where pregnancy would involve high medical risk. The budget of \$1.3m. is a tiny fraction of the amount devoted to maternity and infant health schemes and it is intended to reach no more than 13,000 women a year. Dr. Paulo de Almeida Machado, Health Minister, has made clear he considers the pill "at most a necessary evil."

Advocates of wider birth control believe that the Government will not begin to come to terms with the population problem. This may not happen, though, until after President Ernesto Geisel leaves office in 1979. He is a Catholic, the first non-Catholic to become head of state, and the leader of a Government whose relations with the Church are quite strained enough. His term of office has brought two important setbacks for the clergy, and he presumably does not want to make things worse.

Divorce was approved in June, a side-effect of a peremptory decree allowing Congress to alter the Constitution by a straight majority vote. The contraception scheme, the second setback, came surprisingly soon after the first. Organisers of the private birth control organisation Bemfam, or to give it its full title the Civil Society for Family Welfare in Brazil, are pressing for more official support. They forecast that at present rates Brazil will in 100 years time have a population of 600m. With an active voluntary birth control scheme they say this number could be reduced by half. "We have been trying to get the Federal Government to do something for 12 years," says Bemfam, which apart from a small Family Guidance Society in São Paulo is the only organisation working in the field.

Signs of change in central Government thinking follow initiatives taken by authorities in several states—in Rio Grande do Norte, Paraíba, Pernambuco, and Alagoas in the poor North-east, and in Paraná in the southern coffee and soya belt—to cooperate with Bemfam. Bemfam, which receives 80 per cent. of its \$1.5m. annual budget from the International Planned Parenthood Federation, based in London and New York, supplies contraceptives—mainly pills—to 400,000 Brazilian women.

Under its agreements with the northeastern states, it has access to all the local Government's medical networks and the services of volunteer doctors, having less than 200 of its own staff. State governments and prefectures contribute to costs on a small but increasing scale, and both health and education authorities assist with instruction schemes. The first and most active programme, started in Rio Grande do Norte in 1973, is helio backed up by radio advertisements urging young wives and mothers to seek advice on contraception. Bemfam pamphlets depict scenes of small, happy families in comic-strip fashion, often with signs instead of words so as to reach illiterate

Government forecasts, which coincide with UN data, give a population of 213m. in 2000. At the present rate, 170m. of these people will be living in Brazilian towns—more than the total population of Latin America in 1950.

people in the interior. The Government has eased its rules on the availability of the pill, which now requires a doctor's prescription only on the first year. This rule is in fact irrelevant, since anybody can in practice go into a Brazilian chemist and buy pills across the counter without any doctor's consultation. About 3m. Brazilian women do so.

The essence of widespread opposition to Bemfam lies in the belief, still widely held, that Brazil needs more people to populate its western frontiers and to realise its vocation as a great power. The Government's current Second National Plan sets the aim of a "reasonable rate" of population increase in order to fill the open spaces. But the 3m. extra people born each year are not going pioneering in the open spaces. They are crowding into the peripheries of already overpopulated cities.

In the last 30 years Brazil's population has been mainly urban and is becoming steadily more so. Between 8m. and 10m. in town and country, live in slum conditions on the fringe of society. The outlying parts of Rio de Janeiro have long outgrown the local Government's capacity to provide sanitation and adequate policing. São Paulo, once free of slums, is now a slum-ridden as Rio. About 600,000 children there have been abandoned by their families. A recent congressional inquiry heard that in the whole country 23m. children were in need of care.

Birth control is obviously not going to solve these problems, said

which are also a question of education, health, and income distribution. But with funds for education and health services limited, especially at local level, the birth rate helps to make a desperate situation. All impossible to catch up with.

Some churches are now at least tacitly approving birth control, and there is support from Brazil's offshoots—the abandoned Afro-Brazilian religious institutions.

A vigorous birth control programme has been defended by the Government for some time by Sr. Roberto Campos, Planning Minister during the 20 years of military rule, and Sr. Mácio Henrique, Simons former head of Brazil's literacy programme and current Finance Minister.

Taken over the past 100 years Brazil's population growth has been spectacular. In 1870 there were 10m. people. Numbers since increased more than 10-fold, having doubled in the 25 years and are set to double again in the next 25, reaching a level close to that of the U.S. day. Government forecasts, which coincide with UN data, give population of 213m. in 2000. At the present rate, 170m. of these people will be living in Brazilian towns—more than the total population of Latin America in 1950.

Bemfam is not optimistic about Brazil's prospects of reaching replacement level fertility—the aim pursued by Mr. Bobo McNamara, the World Bank president in order to stabilise the world's population in the century. Poor families rely on their children as a source of income, and demand for schooling is high. Poor rural areas have five or six children. The middle classes of Rio de Janeiro and São Paulo, in ideal conditions, are still not taken root. "Perhaps we shall be able to compromise," a Bemfam representative said.

مكاتبنا في لندن

OVERSEAS NEWS

LISSAN WARNS OF PURSUIT INTO ALGERIA

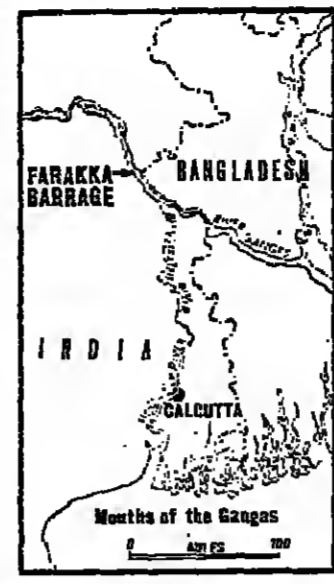
OUR OWN CORRESPONDENT
According to the Polisario Front based in Algeria, the Mauritians lost 146 dead, while the Mauritians said that 60 died. The incident has not been confirmed officially by the Mauritians.

INDIA AND BANGLADESH

Taking the Ganges waters on trust

BY MARGARET VAN HATTEM, RECENTLY IN DACCA

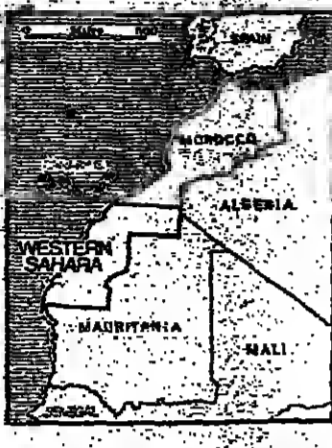
THE RIVER Ganges, like the Sn far, shippers have been able to offset the problem, at least partly, by more careful composition of cargo, using the bulk of tea and jute to offset the weight of steel products, and by delaying cargo planning to the last moment to allow for changes in the drought. But this can be troublesome and expensive—an increasing number of ships are leaving Calcutta half full and taking on the rest of their cargo at Madras, Cochin or Colombo.



shilling centres—Kolkata, Goalundo and Chandernagore—dropped by 75, 34 and 46 per cent respectively, sending prices up 25, 13 and 31 per cent. More than 155 miles of inland navigation routes are normally operable during the dry season but to be closed.

Anti-French march as envoy meets Polisario

ALGERIA, Nov. 7. The situation here is viewed with gloom. There is the feeling that Algeria and Polisario could prove a serious mistake with grave consequences in both the political and the economic spheres.



Earners

On the Indian side, the most pressing problem concerns the port of Calcutta, major outlet for the country's biggest foreign exchange earners—tea, jute and steel goods.

Irrigation

The repercussions on agriculture were severe; a third of the region's irrigation facilities became inoperable and the rice crop was hit. The total loss in rice production was estimated at 230,000 tons—equivalent to 20 per cent of the country's total food imports.

Pressure

Similarly Dr. Ashok Mitra, Minister in Charge of Finance for West Bengal, says the State Government is annoyed that the agreement is to last five years and not one, as it had requested, but is not going to make trouble.

Owen warning on Zimbabwe poll

DAVID OWEN, the Foreign Secretary, issued a tough warning yesterday that the current Anglo-American initiative on Zimbabwe would go ahead only if the Western powers—which had and fair elections were shown a major change in the attitude of the South African Government.

Hong Kong police crisis eases

THE CRISIS between the Hong Kong Government and its police force appeared to be winding down this evening, Philip Bowring reports from Hong Kong.

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Israeli warning

ISRAEL will act swiftly to restore order in South Lebanon if there are further attacks like that on Nabatiya on Sunday, in which two people were killed, Mr. Ezer Weizman, the Minister of Defence, said during a visit to the Lebanese border yesterday.

Refugees rejected

THAILAND has towed back to sea boatloads of new Vietnamese refugees in an attempt to force the United States and other nations to increase acceptance of the refugees, government officials said yesterday, reports UPI.

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Japan disclaims hidden reserves

ANS "hidden reserves" are hidden and are not reserves, Finance Ministry argued in response to reports in an international business magazine that some \$6bn. had been saved in the form of loans to mercantile banks.

Philippine casualties

PRESIDENT Ferdinand Marcos of the Philippines said yesterday as many as 50,000 civilians have been killed in fighting between government troops and rebel forces in the Southern Philippines, reports UPI. It was the first time Marcos revealed such a high casualty estimate for civilians.

ON OTHER PAGES
International Company News: Kvaerner £170m. profit
U.S. aluminium prices: 34/35
Farming and Raw Materials: Coffee pact

Argentina, Australia, Austria, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Colombia, Ecuador, France, Greece, Hong Kong, Indonesia, Iran, Italy, Jamaica, Japan, Kenya, Korea, Lebanon, Luxembourg, Malaysia, Mexico, Morocco, The Netherlands, Pakistan, Peru, The Philippines, Singapore, Spain, Switzerland, Taiwan, Thailand, United Kingdom, Venezuela, West Germany.

WORLD TRADE NEWS

Pressures within OPEC for increase in oil prices

VIENNA, Nov. 7. FINANCIAL experts from 13 members of the Organisation of Petroleum Exporting Countries met today at headquarters for preliminary discussions on fixing 1978 petroleum prices. Officials said that the OPEC Economic Commission is preparing recommendations for oil ministers to consider at a meeting in Caracas, Venezuela, on December 30. OPEC's economic commission is an advisory body, which usually meets before ministerial conferences to assess statistical data needed for pricing decisions. OPEC's basic oil price now averages \$12.70 a barrel. The price was frozen last summer, and oil ministers said it would be reviewed before January 1 next year. In Kuwait, a senior oil official was quoted as saying that OPEC countries are divided over pricing, some wanting a freeze and others demanding increases of up to 15 per cent. Mr. Mohammed Nasseir, Assistant Under-Secretary for Economic Affairs at the Oil Ministry, told the newspaper Al-Sayassah that Kuwait's position is that of a moderate, seeking to maintain the real value of its oil revenue. Meanwhile, the latest edition of the Middle East Economic Survey reports that OPEC is certain to reject U.S. calls for an oil-price freeze at its policy meeting in Caracas late next month. It predicts an increase for 1978 of at least 3 per cent. Over this year's crude prices, he was quoted as saying: "It has already become quite clear that there is no hope of even the most moderate OPEC producer heeding the U.S. call for a price freeze through all or part of 1978." The authoritative weekly says KERS points out that even Saudi Arabia, the most restrained OPEC member on price policy, has publicly declared that it considers some rise to be justified. In an interview published in the Saudi newspaper Al-Wakeel, Mr. Tayeb Abdel Karim, Iraqi Petroleum Minister, has made it clear that his Government will take a hard line at next month's scheduled meeting of the Organisation of Petroleum Exporting Countries. "The OPEC countries have severely suffered from inflation in industrialised countries as well as from the sinking dollar," he was quoted as saying. "Accordingly, we feel oil prices must be raised to offset this deterioration in the purchasing power of our (oil) revenues."

Japan urge action on problems in shipbuilding

TOKYO, Nov. 7. JAPAN today called for international co-operation to overcome serious problems in the world's shipbuilding industry, such as the closing of yards and loss of working hours. Mr. Morihiro Kotoh, Director General of the Foreign Ministry Economic Affairs Bureau for Co-operation and Development (OECD) meeting here, stressed the importance of international co-operation, as well as of individual countries, to overcome the problems. Mr. Kotoh was opening a meeting of 13 foreign shipbuilding nations and members of the OECD. He also said a close watch must be kept on shipbuilding advanced by third countries, such as South Korea and Yugoslavia. The three-day working party meeting was expected to focus on shipbuilding policies of OECD nations and measures deal with problems being made easier by smaller nations. Foreign Ministry said.

Pressure on India to buy ships

NEW DELHI, Nov. 7. INDIA is under pressure from Britain for purchase of six cargo ships worth £32m, so that surplus capacity in British shipyards is used. This follows talks between India's Shipping and Transport Minister Mr. Chandra Ram and Britain's Overseas Development Minister, Mrs. Judith Hart, in London. Mr. Ram is on a tour of Europe to find the best and most economical shipyards in Europe to place large orders to increase the fleet of the Shipping Corporation of India. Mrs. Hart has pointed out that orders on British shipyards as well as purchase of old vessels can be financed from the £14m committed as aid to India. While this means India will get the ships virtually at a gift, it would mean using British aid for what is felt are relatively expensive ships since Japanese quotation for an 18,000-ton freighter is only \$12m, against the British bid of \$18m. India would prefer to use British aid for items which are competitive in world markets, although Mrs. Hart is reported to have said that the price differential could be met from the shipping intervention fund. Apart from aid, India plans heavy investment from its own Sunderland shipyards to delivery schedules, and other increase shipping tonnage.

Arab-Europe business increase move

TUNIS, Nov. 7. THE Arab-European Business Corporation Committee has ended its two-day meeting Tunis, marking a further step providing conditions for closer business relations between Arab and European nations. The Arab-European Business Corporation Committee was set up in October 1976 at the meeting of the Arab-European Business Corporation Symposium in Switzerland, to create a network of contacts for co-operation between Arab and European businessmen. Great Britain is represented by a number of banks, including the Midland Bank, the Bank of the Middle East, Barclays Bank International, and others. It also includes Swiss, Belgian, and French Arab banks. The Arab wing of the committee consists of Egypt, Kuwait, Sudan, Morocco, Tunisia, Mauritania, Saudi Arabia and the Emirates. Prof. Zuhair Mikdash, secretary-general of the committee, explained that it provides a platform to plan and discuss mutually beneficial projects. The committee is also to gather and disseminate information relating to investment, loans and changes in Arab and European countries. Prof. Mikdash added that the major preoccupation of committee members will be to plan and discuss the biennial symposium which will cover all major areas of business and economic co-operation in Europe and the Arab world. The committee came into being through the European Management Forum in Geneva, a non-profit foundation under the legal supervision of the Swiss Federal Government, which has been fostering contacts between European businessmen since 1958.

Coal exports for Ireland

NEW DELHI, Nov. 7. INDIA has concluded a contract push ahead with the drive to increase coal exports to Europe, beginning with a trial export of 20,000 tonnes for use in thermal plants. After this, further orders are expected, the contract being signed by the Minerals and Metals Trading Corporation and the Royal Irish Eoed Corporation. With improvement of production in Indian collieries following eastern markets in Taiwan, better availability of explosives, Japan, South Korea and through imports and from local Philippines, talks with which units, plans have been revived to increase coal exports to Europe. The tentative target for the current year is 1m. tonnes. Shipments have already been made to France, Belgium, Denmark, West Germany and other European countries and efforts will be made to win more orders based on initial supplies. Also to be tapped are further markets in Taiwan, Japan, South Korea and the Philippines, talks with which units, plans have been revived to increase coal exports to Europe.

Dead Sea potash deal for California company

AMMAN, Nov. 7. JACOBS ENGINEERING Group has secured financing package for the Dead Sea potash project, which would open the way to issuing three major international tenders. These would cover the township at the remote site, the 85 kilometres of required dykes and allied civil works, and the potash extraction scheme. It is anticipated by Potash Company officials that the tenders will be issued during the first and second quarters of next year. Meanwhile, Far Eastern companies have continued their penetration into the heavily western-oriented Jordanian market with the signing of a Japanese company's second telecommunications contract this year. Nishio-Iwai of Japan has won a \$5m contract to supply and install 8,000 telephone lines and several automatic exchanges, mostly in the Amman region. This is the second such contract for Nishio-Iwai, which signed a similar but larger \$25m contract in May this year. Both contracts are to be completed by mid-1979.

Carter to speak on energy plan

WASHINGTON, Nov. 7. PRESIDENT CARTER, who has postponed a nine-nation tour indefinitely to concentrate on energy legislation on energy through Congress, will speak to the nation tomorrow night on his energy package. The president notified foreign governments during the week end that he was postponing indefinitely his 24,000-mile programme, which is now under a severe test in Congress. Administration sources said that Mr. Carter, with the four postponing plans to send Congress the remainder of his domestic priorities within the next few months, as follows: Tax reform early in the 1978 session, probably in January; Urban policy by March 15. UPI

Saudi causeway cost put at \$800m.

BAHRAIN, Nov. 8. TENDERS for the Bahrain-to-Saudi Arabia causeway are likely to be called in November next year, Dr. N. M. Al-Soloum, under-secretary at the Saudi Ministry of Transport, said in Bahrain yesterday. The estimated cost of the causeway, which has been put as high as \$800m, makes it one of the largest projects in the Arabian peninsula, and it is one in which world contractors have shown much interest. The financing of the 25 kilometre causeway will be completely borne by Saudi Arabia. Present estimates put construction time at four-and-a-half years. Dr. Al-Soloum was speaking in delegates at an international conference on Marine Technology and the Gulf, which has been jointly sponsored by the Bahrain Society of Engineers and the British Institute of Marine Engineers. Detailed designs of the four-lane causeway, to incorporate a number of bridges to allow the passage of ships, started in July this year, although technical and economic feasibility studies began in February 1975. The names of many contractors are being mentioned as possible candidates for the contract. In particular, that of the South Korean, Hyundai Construction Company, which recently completed the \$340m Arab Ship Repair Yard drydock in Bahrain and which is currently working on the construction of the Saudi port of Jubail. Informed sources in Bahrain believe that the contract will be awarded on a turn-key basis.

Rail order

Mitsubishi Electric said it has won a Commonwealth Engineering of Australia order to build locomotives and coaches for New South Wales Public Transport Commission.

Suez Canal loans

Japan will extend a \$250m loan to Egypt to finance the Suez Canal expansion project, the Japanese Foreign Ministry said. The loan, to be extended by the Government-financed Overseas Economic Co-operation, will be repayable over 25 years, including a seven-year grace period with an annual interest of 4 per cent, it said.

Irish credit

The Export Credits Guarantee Department has guaranteed a \$5m loan of credit which will be used to finance the building of a new set of bridges available to the Electricity Supply Board, Irish sources say. The loan will enable Irish to place contracts in the EEC.

Hong Kong fights back on EEC delays

PHILIP BOWRING IN HONG KONG. THE ATTACK ON Hong Kong by Mr. Tran Van Thinh the EEC's chief textile protection negotiator at a Press conference called by himself in Brussels on Friday has given rise to a storm of protest from Hong Kong officials and trade leaders. Strength of reaction here to the charges made by Tran has been astonishing. If Hong Kong had been an independent state, Mr. Tran van Thinh's remarks were, it is suggested, of a nature that would lead to envoys being recalled for consultation. The Deputy Director Hoog Kong's Department of Trade, Industry and Customs, Mr. Bill Dorward, himself a veteran of many years of textile negotiations, said that he had, "never seen anything like it. It is incredible in the middle of complex negotiations to call a Press conference to make provocative statements intended to intimidate the other party." Such a description came as little surprise to observers here who recalled Mr. Tran's Press conference during a visit here three months ago when he spoke soothingly of 5 per cent growth at a time when it was already known that the EEC planned to try to enforce major cutbacks against Hong Kong and distribute the quota to more favoured or less competitive countries. At his Brussels Press conference, Mr. Tran van Thinh demanded that Hong Kong reach agreement with the EEC by this coming Thursday, if it did not it would lose all the quota it had been "offered". Mr. Tran wants a 13 per cent increase by Hong Kong from 1975 levels, compared with a standstill on overall textile imports. He accused Hong Kong of trying to delay agreement by having originally accepted a November 10 deadline. The threat to cut Hong Kong off without quota is seen here as remarkable considering that market access is not something that the EEC can simply give or take away at the whim of some officials. What Mr. Tran is saying is that if Hong Kong does not agree to limits, the EEC will simply leave up its own obligations under the GATT. It is now being asked here whether there is any point of signing agreements of this sort when the EEC will limit them. The charge that Hong Kong has adopted a delaying tactics is regarded as untrue and it is thought that Hong Kong may ask EEC member states to indicate whether their negotiator represents their views for textile quotas. In fact, the negotiations between Hong Kong and the EEC were delayed for several months by the inability of the EEC members to find a common negotiating position. Finally, the EEC set on October 11 as the day for starting talks with Hong Kong and this was agreed. From the EEC's point of view, the start was delayed. When EEC proposals were finally presented, they were expressed in the EEC's own nomenclature for the common market, rather than the system used under the existing agreement. According to Hong Kong sources, the EEC proposals have been extraordinarily vague. One week prior to Mr. Tran's outburst, there had been no negotiations. This was due to a request from the EEC for Hong Kong to pay a long delay. The next session was held on Friday, and as Mr. Tran had not attended, he was not aware of the new set of proposals put forward that day by the EEC on the point of privilege for certain countries. This data show that Hong Kong exports to the EEC have been growing very rapidly in the last few weeks. What has happened here is not so much the pressure for more restrictive but the arrogant manner of the EEC in general, and the discriminatory policies which it follows in disregard of agreements in which it has attracted its membership.

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مكازم الأجهل



Like the time one of our representatives showed a harassed businessman the way out of Glasgow. He literally got into his own car, and with the man following in his Avis car, guided him to the outskirts of the city.

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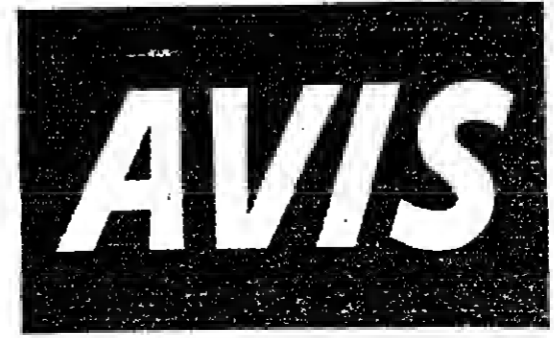
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HOME NEWS

North Sea options loophole being closed

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has found that an aspect of its North Sea oil policy may be breaking the Restrictive Trade Practices Act...

The problem concerns State participation terms that are now being negotiated by the Department of Energy and the British National Oil Corporation...

It is estimated that within a few years the State oil corporation could control about half the North Sea's crude production...

The Energy Department has been concerned that the option agreements might be contested under the Restrictive Trade Practices Act...

So far, however, the participation agreements have not been challenged. And it is pointed out in Whitehall that the Restrictive Trade Practices Act is primarily concerned with safeguarding the public interest against agreements entered into by two or more private companies...

The Act, it is said, ignores the wider national interest in which a State oil corporation is involved.

The department said yesterday: "Since participation agreements have been negotiated by the Government to secure a broad national interest it is not necessary, nor would it be appropriate,

to have them subjected to a separate determination against standards specifically designed for a wholly different purpose, namely the limitation of undesirable collusion between trading enterprises."

The effect of the two-clause Bill would be to remove any risk of the Government being taken to court by providing for the Energy Secretary, Mr Anthony Wedgwood Benn, to certify a deal as a bona fide participation agreement.

This would absolve the Restrictive Practices Court from being involved.

It is understood that the Energy Department is confident that participation agreements in no way conflict with the Treaty of Rome articles dealing with distortion of competition.

Nevertheless, the European Commission has been monitoring the participation deals con-

cluded by the Government and offshore companies. Participation agreements are seen by the Government as a "key part of the strategy for securing the national interest by asserting greater public control over UK Continental Shelf petroleum."

So far, detailed agreements have been signed with BP, Gulf, Continental Oil, Ranger, Texaco and Tricentrol. Outline agreements have been signed with a further 35 companies.

Retail sales drop in September, but credit goes up

BY STUART ALEXANDER

RETAIL SALES dipped in September from the high level of August and although the third quarter of this year outperformed the second, spending in shops over the first nine months this year is still about three per cent below the average last year.

However, new credit expended through retailers continued to rise, helping the total debt outstanding from finance houses and retailers to exceed £3bn for the first time in more than a year, according to figures issued yesterday by the Department of Trade.

The total amount provided in instalments in new instalment credit in September was £402m, of which £219m came from retailers.

This is slightly down on August's £417m, but credit through retailers has shown a steady rise in the third quarter. Total advances during the

third quarter of the year were £1.18bn, 12 per cent more than in the second quarter with both groups of lenders up by 12 per cent.

Although the weekly average value of retail credit sales in September was only slightly higher than in August, durable goods sales coded the quarter 10 per cent higher.

Department stores increased sales by 20 per cent and other credit retailers, including mail order, by 13 per cent in the same period.

Overall, however, the durable goods shops increased sales by 5 per cent, showing that more people were asking for credit, while other non-food shops including department stores and mail order, recorded sales increases of 4 per cent compared with the second quarter.

HIRE PURCHASE CREDIT AND RETAIL SALES (seasonally adjusted)

Table with columns: Month, New credit granted by finance houses (£m), Total debt outstanding (£m), Retail volume (rev) (£m), Total (LIVE=100)

Coal must compete, Benn insists

BY STUART ALEXANDER

COAL must be able to hold its markets by offering competitive supplies, Mr Tony Benn, the Energy Secretary, said yesterday.

Mr Benn, who was speaking at a lunch given by the Coal Industry Society, was flanked by Mr Joe Gormley, president of the National Union of Mine Workers, and Sir Derek Ezra, chairman of the National Coal Board, neither of whom made public statements.

Mr Benn carefully avoided any controversy. He said that it was essential to all in the industry that it should be viable and efficient. The problem of making it so had been recognised in 1974 when the Plan for Coal had been agreed between Government, NCB and unions, and when it had been recognised on all sides that productivity must improve.

"The productivity scheme has been rejected by the miners in a democratic ballot. This is something which must be discussed between them and the Coal Board."

Earlier Mr Benn repeated his belief in the central role which coal would play in the country's energy policy. The economy was likely to depend on it for the next 300 years.

The British people had been wrongly persuaded that coal could be allowed to decline because of limitless supplies of cheap oil. That was a dangerous mistake. In addition to decline in oil stocks, there were unresolved problems over nuclear power.

MPs to raise Chrysler future

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A GROUP of Midlands MPs will meet Mr. Eric Varley, Industry Secretary, today to seek assurances about the future of Chrysler.

The move follows representations from senior executives at the Chrysler engine plant, Coventry, who are worried that problems caused by the damaging two-week strike at Linwood could place jobs at risk.

Production was resumed at Linwood yesterday but the 7,000-strong labour force will need to raise output dramatically for the company to prevent losses going beyond £20m this year.

Linwood must consistently achieve production of around 70 to 80 per cent of target between now and the end of the year. Before the strike output was lagging at around 50 to 60 per cent.

The company insisted last night that the required levels were possible. "There is a determination within Chrysler that losses will not exceed £20m."

Chrysler UK-wide forecasts will continue to show a profit of £300,000 for 1977, a profit of £10m in the year because of the two first nine months. Under the terms of the rescue negotiated in December 1975, the Government is committed to pay half the losses in a limit of £50m.

The agreement is silent about what happens if the deficit moves above 50 per cent, as far beyond that level, but the Government view is that the U.S. parent company will cover any shortfall. There will certainly be little enthusiasm in the Department of Industry to grant further funds to Chrysler.

NEWS ANALYSIS—TELEVISION RENTING

Brighter view of the box

BY MAX WILKINSON

THE FIRST question raised by Philips' offer for the Visionhire television rental company yesterday is why Philips should want to go back into the rental business so soon after selling out of it.

It was in January last year that Philips sold the Loyds retail group, which included Visionhire for £200m. The sale comprised 180 outlets and 192,000 sets.

Visionhire is owned by the Electronic Rentals group at present controlled by about 175m. Philips yesterday increased its holding from 29 per cent to just over 30 per cent, which meant that under the City's takeover rules it automatically had to make a bid for the remainder of the shares.

When Philips sold Loyds, the television market was depressed and the consumer electronics operation, in producing an estimated 350,000 sets a year in the U.K. Between 80,000 to 100,000 probably go to Visionhire. Philips has been suffering quite severely from over-capacity and has made considerable cuts in its television set production.

Competitors believe that most Visionhire sets already come from Philips—probably up to 50 per cent—to a full take-over would be unlikely to make a great deal of difference.

Many people in the rental business were worried about future prospects as colour sets became more and more reliable. The main uncertainty was whether many people would switch to buying sets when they realised that it could be cheaper, even including insurance against tube breakage.

Faced with this uncertainty, Philips hedged its bets by increasing its share in Electronic Rentals from 25.8 per cent to just under 30 per cent, the maximum allowed without a full takeover.

Since then, the fortunes of rental companies have begun to look healthy again. At the beginning of the year the rental companies accounted for about half the 65 per cent of the new colour television placements, rather than the 60 per cent reported by the Price Commission report.

But in the later part of the year the companies have been doing relatively well and are estimated to have climbed back to the 80 per cent level.

The total U.K. market for colour sets is estimated at about 1.6m a year, hot manufacturers are running their factories at only about 60 per cent of capacity.

The Philips group, which now includes the consumer electronics operation, is producing an estimated 350,000 sets a year in the U.K. Between 80,000 to 100,000 probably go to Visionhire. Philips has been suffering quite severely from over-capacity and has made considerable cuts in its television set production.

On the other hand, Philips clearly wants to consolidate its major outlet in the rental market, particularly as the small independent rental companies are fast being gobbled up by the six leaders in the field—Thorn, Granada, British Belsis, Vision, Telefunken and Rediffusion. Philips particularly needs to keep a way open into rentals here for them to gain a share of the position of its lease of life.

Another point is that, as more viewers choose colour, the remaining market will consist of people with incomes who are naturally attracted to rental. Rental companies are also considering the longer term in which a large variety of consumer electronics products are likely to be plugged into television sets.

Electronic games, television sets, video cassettes, and other consumer electronics products are likely to be plugged into television sets.

You can get a grant of up to 22% on the cost of new industrial building, plant and machinery

- These incentives could transform your ideas about your own company's investment plans: *Capital grants of 20% or 22% for new buildings and in many places, for new plant and machinery *Loans on favourable terms or interest relief grants. *Factories with rent-free periods, low rentals. Leases of 99-years can be purchased *Removal grants

These are available in the Areas for Expansion (greater benefits are obtainable in Northern Ireland) If you are considering expansion, your company could gain from these incentives. Companies already in the Areas for Expansion and others expanding or moving into them should take advantage now of the help available. Telephone one of our Industrial Expansion Teams today for further information or send in the coupon for our free booklet.

Map of the UK showing 'The Areas for Expansion' with contact details for various regions: London, Scotland, Wales, Northern Region, North West, Yorkshire & Humber, East Midlands, West Midlands, South West, Eastern Region, Northern Ireland.

Send for details form with fields for Name, Position in Company, Company, Nature of Business, Address. Includes a booklet titled 'Areas for Expansion' and 'Incentives for Industry'.

IF YOU SMELL GAS-RING US

- If you smell gas, remember the simple safety rules: *Don't smoke or use naked flames. *Don't operate electrical switches-on or off. *Do open doors and windows. *Then check that you haven't left the gas on and unlit-or that a pilot light has not gone out.

If you suspect a gas leak, turn off the supply at the meter—and report the leak. Do this at once. The number's in the telephone directory under Gas—and we're on call 24 hours a day.

We'll come quickly and deal with the problem. And if you smell gas at work or in the street, please report it at once. Don't leave it to someone else.

WE'RE HERE TO HELP YOU—24 HOURS A DAY

Ask at your local gas showroom for our free booklet 'Help Yourself To Gas Safety', which describes the full range of services we provide. BRITISH GAS

مكاتبنا في القاهرة

HOME NEWS

Fisons expected to seek fertilisers price rise

It already has two 15,000 ton ammonia storage spheres at Avonmouth. Ammonia storage facilities are limited in Western Europe and Fisons believes extra storage space will allow it to buy ammonia more flexibly when prices are low.

Redundant workers go back to Methil yard

REDUNDANT WORKERS from two years for something like their previous workforce of 1,400. There has been a three-year hiatus in the North Sea oil platform business.

Private house building improvement continues

A CONTINUING improvement in private sector house building output is reflected in figures released by the National House-builders' Council.

Refrigerator deliveries drop by 10%

ONLY 54,574 domestic refrigerators — British-manufactured and imported — were delivered to the home market in August, 22 per cent fewer than in August last year.

Council homes 'can still have electric heating'

BY OUR BUILDING CORRESPONDENT ELECTRIC HEATING systems could continue to be used in up to 10 per cent of council houses built each year, although it remains a relatively expensive fuel, according to a document released today by the Environment Department.

Tougher drink rules hinted by Ennals

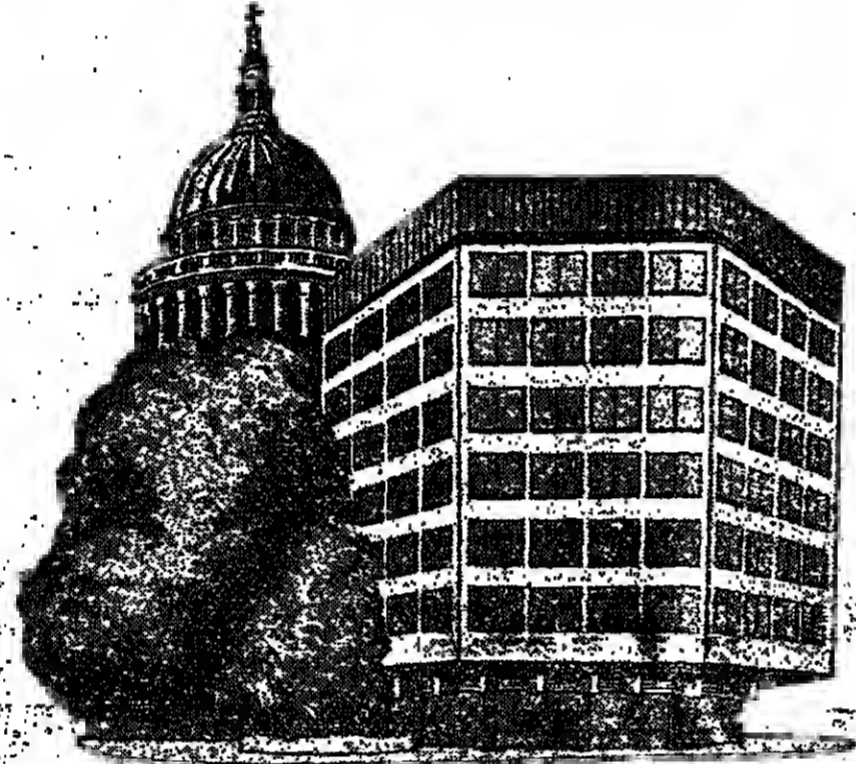
THE MOST serious danger to the future of the growing evidence of alcohol abuse by young people, while they are still in school, is alcoholism.

All to keep up training of environment experts

FINANCIAL TIMES REPORTER IN recruitment of environmental health experts could lead to serious shortages in the future.

NP plans break up of royal estates

ROYAL Family would be asked to sell large amounts of their estates under Scottish National Party's policy for an independent Scotland, which was published yesterday.



Bank of Boston House, 5 Cheapside, E.C.2.

If banking is a service business, then it should be on service that you judge a bank.

We've spent 55 years in the City, building an organisation to cater for the toughest judge of all: the financial professional. That's why The First National Bank of Boston's 15 account officers prefer long instead of short-term relationships.

Why we have an exchange specialist based on the dealing floor devoted exclusively to keeping corporate customers abreast of developments.

Why our two hundred people in London aim at the highest standards (if you give the best service, you've got the best bank). And it works.

Our twelve dealers have put us among the top banks in making markets in all major trading currencies.

And six out of the top ten companies in the prestigious 'The Times One Thousand' are our customers.

Do you put a premium on service too? We look forward to meeting you.



Boston. The bank for financial professionals.



THE FIRST NATIONAL BANK OF BOSTON

Bank of Boston House, 5 Cheapside, London EC2P 2DE (Tel: 01-236 2368). Also at 31 Lombard Street, Belgravia, London SW1X 9HX (Tel: 01-235 9541).

GENERATING SETS

BRAND NEW FROM THE MANUFACTURER All sizes from 3 KVA-1,000 KVA Ex-stock F. G. Wilson Engineering (Limited) Unit 24, Central Trading Estate, Staines, Middlesex Tel: Staines 50288/59764 Telex: 933164 (Answerback Genset G)

PARLIAMENT and POLITICS

LABOUR NEWS

Grunwick: Police have my full confidence, says Rees

BY IVOR OWEN, PARLIAMENTARY STAFF

ANOTHER DECLARATION of confidence in the conduct of the police in handling the difficult situation created by the latest mass picketing of the Grunwick film processing plant was made by Mr. Merlyn Rees, Home Secretary, to the Commons yesterday.

Mr. Rees said that the police had my full confidence and that he had no sympathy with an employer who had resolutely refused to abide by the normal process of arbitration nor with those who had latched on to the dispute as an excuse for using violence against the police.

Firemen: Protection for cities

BY NICK GARNETT, LABOUR STAFF

A FIRM assurance that people's lives and safety will be the Government's "paramount consideration" if the threatened strike by Britain's 32,000 firemen begins next Monday was given by Mr. Merlyn Rees, Home Secretary.

Merchant Navy officers in productivity talks

BY NICK GARNETT, LABOUR STAFF

A MEETING between shipowners and union officials representing Merchant Navy officers who are being halted on strike action for a wage claim is due to-morrow to discuss productivity deals.

The result of the association's ballot will be known in January. It springs from the shipowners' refusal to go beyond a Phase Two offer.

Secrets Act reform demanded

BY RUPERT CORNWELL, LOBBY STAFF

MPs OF ALL parties will intensify their pressure to obtain a more wholehearted Government effort to reform the Official Secrets Act.

Mr. Kenneth Warren, Tory MP for Hastings and the Camblewell, said yesterday that the present Act was rushed through Parliament in 1911 to protect the country from German spies.

Miners: Talks ruled out

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT will not get involved in any discussions about implementing the coal miners' productivity scheme in areas which were in favour of it.

Civil Service union in go-it-alone strike

BY ALAN PIKE, LABOUR CORRESPONDENT

THOUSANDS of civil servants will go on a half-day strike over pay today despite open objections among the Civil Service unions about the wisdom of the action.

Bookseller assistants win 12%

By Pauline Clark, Labour Staff

ANOTHER WAGES contest awarded a pay increase with the Government's 10 per cent wage limit—this time to assistants working for booksellers and stationers.

Kitson loses Labour committee post

BY PHILIP RAWSTORNE

MR. ALEX KITSON, the transport union official and member of Labour's national executive whose criticisms of Britain in a Moscow speech at the weekend caused angry political protests, yesterday lost his post as chairman of the Party's organisation committee.

Export credit sanctions attacked by MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT faced severe criticism from both sides of the Commons yesterday over its policy of refusing applications for export credit guarantees to companies which have breached its voluntary 10 per cent pay code.

Concorde flight confidence

BY NICK GARNETT, LABOUR STAFF

CONCORDE WILL make its inaugural flight to New York on November 22, Mr. Clinton, the Trade Under-Secretary, said in the Commons yesterday.

Work-to-rule campaign hits Lucas factories

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS ELECTRICAL, which is recovering from a 10-week strike by toolworkers, was hit yesterday by an unofficial work-to-rule by production workers.

Oxygen men back to-day

By Our Labour Staff

British Oxygen said yesterday that all its manual workers in the gases division, who have been on strike to press a 30 per cent wage claim, will be back to work today.

Comfortable win likely

BY RUPERT CORNWELL

THE GOVERNMENT is set to survive comfortably its first voting challenge of the new session at Westminster when the Commons divides on Wednesday evening on a Tory amendment after five days of debate on the Queen's Speech.

Dell warns on scale of Japanese car imports

MR. EDMUND DELL, Trade Secretary, told the Commons yesterday that he was very disturbed by Japanese penetration of the British car market.

General import controls rejected

MR. EDMUND DELL, Trade Secretary, yesterday rejected the use of selective import controls as a "cover" for a general import control policy.

Telex delays continue

BY OUR LABOUR STAFF

BUSINESS and commerce suffered more frustration and delays yesterday with no sign of a settlement in the London Post Office engineers' dispute which first disrupted the St. Botolph's Telex exchange four days ago.

ACAS puts its case to Lords

BY OUR LABOUR STAFF

THE EFFECTIVENESS of the Advisory, Conciliation and Arbitration Service as a promoter of industrial relations development is the subject of a report presented on the outcome of the House of Lords appeal in the Grunwick case.

Advertisement for Monsieur Callaghan et Madame Thatcher come in for beaucoup de stick inevitably. But Le Cricket lighter isn't one to poke le fun or fait le satire. Regardez-le Cricket bleu for le wing droit, Le Cricket rouge for le wing gauche—even le Cricket orange for Monsieur Steel. Le CRICKET

Mr. Dell also said that British exporters to Japan faced barriers which made it difficult to penetrate the Japanese market, not only for cars.

'No' to Slater Walker inquiry

NO FURTHER inquiry into the Slater Walker affair was justified, Mr. Clinton Davis, Trade Under-Secretary, said in the Commons yesterday.

Women's plea on training

TRAINING opportunities for women in engineering are very few, Mrs. Joan Evans said in the Commons yesterday.

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DRID CONFERENCE OPENS TO-DAY

Association aircraft made only £220m. net profit last year

109 member airlines of the International Air Transport Association collectively earned a profit of only about \$400m (£220m) last year...

A danger existed that governments could change the whole pattern of world air transport by encouraging a wholesale shift away from scheduled airlines to charters...

The scheduled airlines were therefore entitled to ask how far this development would be allowed to go...

Anti-hijack levy to be 80p.

THE BRITISH Airports Authority is stepping up a move to bring all airport security guards under its own control...

Consumer

Non-LATA airlines, whether designated or charter, for some time have been accused of forming an anti-competitive, predatory cartel to take advantage of the consumer...

Essential

This is not only essential for planning purposes, but also for survival.

Wedgeplant plant £1m. damage

By Our Own Correspondent FIRE CAUSED damage estimated at £250,000 at the Wedgwood factory, Stoke on Trent yesterday.

Customs trying to speed checks on businessmen

THE CUSTOMS and Excise Department has set up a team to review the Customs arrangements involved in "general aviation"...

Reduce helicopter noise, urges advisory council

ACTION TO limit the noise of helicopters before the problem increases is called for in a report published yesterday by the Noise Advisory Council...

Shopping sprees to Calais catch on

By Christopher Dunn EXPECT Christmas stockings in the South East to be full of French presents this year...

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office links

Book assist win

Women

back to

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Women

Women

THE LAST THING YOU WANT IS AN ORDINARY FAMILY SALOON.

Ordinary family cars no longer come at ordinary prices. So it's good to know there's still a range of very special saloon cars at prices that compare most favourably with their not-so-special competitors.

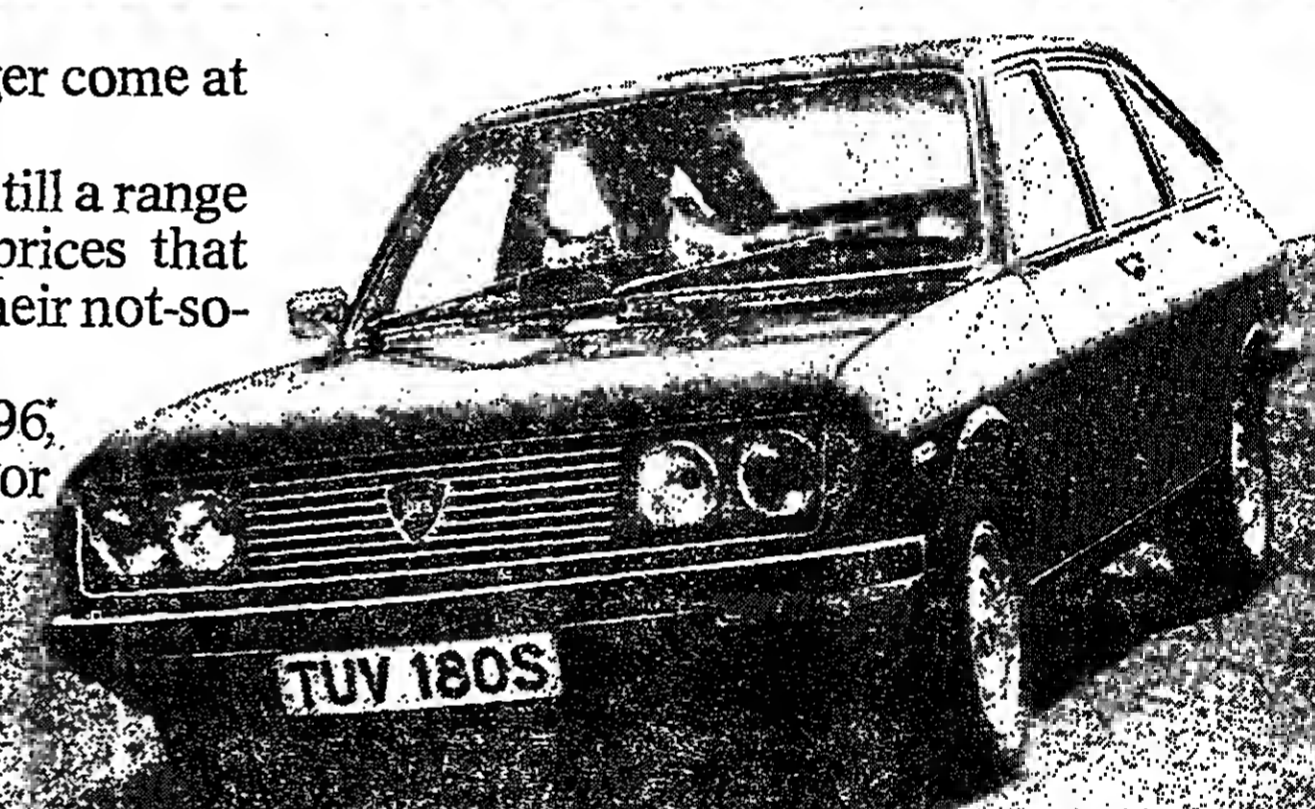
For between £3,175 and £4,196, you can have a 1300cc, 1600cc or 2000cc (as shown) twin overhead cam engine, 5-speed gearbox, front-wheel drive and a lot of excitement.

You can have independent suspension all round and servo-assisted disc braking on all four wheels. A full array of instruments, including electronic rev counter, oil pressure and early warning systems for low brake fluid level and disc pad wear.

You can seat five adults in luxury, with fitted carpets, thick padding and sound insulation and separate heating and ventilating controls for rear passengers.

You can surround yourself with safety features like a rigid steel safety cage and front, rear and side sections designed to absorb accident impact.

You can have an 18 cu. ft. boot for your luggage with low-level sill for easy loading.



The Beta Saloon Range: Beta 1500 - £3,175.58; Beta 1600 - £3,642.21; Beta 2000 - £3,886.74; Beta 2000ES (as illustrated) - £4,196.79.

You can have interbody cavity injection and underbody sealing to fight corrosion and a full 12 month warranty. And you can have a name that stands for the very best in Italian automotive design and engineering.

By now, you're probably quite anxious to know where you can find such a car. Go along to your Lancia dealer and ask him to show you a Lancia Beta. The last thing it is, is an ordinary family saloon.



The most Italian car. Lancia (England) Ltd., Alperton, Middlesex. Tel: 01-998 5355 (24-hour enquiry service).

*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Prices of other Lancia ranges start at: Beta Coupés - £3,643.58; Beta Spiders - £4,725.29; Beta HPEs (High Performance Estate) - £4,785.30. The Beta Monte-Carlo costs £5,927.22.

WHERE TO SEE THE LANCIA BETA RANGE: ENGLAND: Alresford: William Sample Motors. Tel: 01493 2424.

Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.

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SAFIC

Directors: S. Borsook (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werlman.

Saker's Finance and Investment Corporation Limited

Interim report

A comparison of new vehicle sales by dealers in the Republic for the six months ended 30 September 1977, with those for the same period of 1976, shows a continued decline of 15.5%. In the circumstances, the results for the first six months of the current financial year show a reasonable improvement over those for the corresponding period of last year. As was indicated in the last annual report of Saker Investments Limited which was circulated to shareholders of Saker's Finance and Investment Corporation Limited, this has been assisted by the introduction of new passenger car models by Mercedes-Benz and Volkswagen, and material savings in interest charges and operating costs.

The Group's liquidity has continued to improve from the already satisfactory position at 31 March 1977, and it is expected that this trend will continue. Management's attention has now been concentrated on improving the return on assets employed and there have been satisfactory results in this regard in certain of the Group's operations.

The outlook for the motor industry during the second half of the financial year shows no sign of improvement and it is expected that new vehicle sales will continue at their current low level. As Saker Investments Limited has not declared an interim dividend, your board is not in a position, at this stage, to consider the declaration of a dividend. However, Saker Investments Limited has indicated that provided the improvements of the first six months are maintained, it should be possible for that company to declare a final dividend of 5 cents per share. If this happens, your company will then be able to pay a dividend of 4.5 cents per share.

	Six months ended 30 September		Change	Year ended 31 March 1977
	1977	1976		
	R'000	R'000		R'000
Turnover	57 495	62 465	-8	117 349
Net operating profit before tax and interest	1 735	1 769	-2	3 423
Less: Tax	748	815	-8	1 596
Net profit before tax	987	954	-3	1 827
Less: Interest after tax	105	138	-24	510
Net profit after tax	1 082	1 092	-16	2 647
Less: Interest after tax	578	621	-16	1 319
Net profit after tax	1 015	1 352	-21	2 465
Less: Interest after tax	437	381	-21	1 146
Net profit after tax	514	400	-29	728
Less: Outside shareholders' interest and preference dividends	215	176	-22	320
Earnings for ordinary shareholders	R298	R224	-33	R403
Number of ordinary shares in issue	4 787 030	4 787 030	-	4 787 030
Per ordinary share earned (cents)	6.25	4.70	-33	8.52
Percentage of Saker Investments Limited shares held	67.7	65.5	-	66.4

For and on behalf of the board

S. Borsook
J. Mincer

By order of the board
Saker's Management Company (Proprietary) Limited
Secretaries
Per: P. R. Glendinning

Registered office
11th floor
Cape Tower
Mackenzie Street
Johannesburg
2001

Transfer secretaries
South Africa
Security Registrars (Proprietary) Limited
16th floor
Nedfin Place
Simons and Kalk Streets
Johannesburg
2001

Transfer secretaries
England
11 & 11A Service
Granby House
85 Southwark Street
London SE1 1JA

31 October 1977

WESTINGHOUSE URANIUM ACTIONS

RTZ stands in the shade

WHEN THE Law Lords retired last week to consider their judgment on a series of appeals brought by Rio Tinto Zinc Corporation of the U.K. and Westinghouse Electric Corporation of the U.S., they were faced with the task of deciding whether RTZ directors may give evidence in what is likely to be the most expensive private litigation ever launched in the U.S.

The litigation centres on whether Westinghouse should be excused from honouring uranium supply contracts it entered into and to what extent. If at all, Westinghouse was the victim of conspiracy which prevented it from having access to the supplies it needed. In September 1975 the group invoked the legal doctrine of "commercial impracticability" under the U.S. Uniform Commercial Code as a reason for not supplying 80m lbs of uranium, 65m lbs of which it did not have in any case.

This action set off a number of proceedings and accelerated the pace of others. The main proceedings, both legal and political, are:

● In the U.S. District Court at Richmond, Virginia, Judge Robert Meritige is trying a consolidated series of actions brought by power utilities claiming that Westinghouse had an unconditional obligation to meet the supply contracts. This could cost Westinghouse \$2bn.

Originally 27 utilities brought suits against Westinghouse. Four have settled out of court, four are holding back from action and watching the proceedings, three are suing in Sweden, and the remaining 16 are taking part in the Richmond trial.

● In October 1976, Westinghouse filed a suit in the U.S. District Court of northern Illinois against 29 U.S. and foreign uranium producers, including RTZ group companies. The suit seeks treble damages, that is three times the

amount Westinghouse seeks to prove was lost to it by the activities of the producers—or about \$6bn. The action charges that an international cartel conspired to fix uranium prices and to deny Westinghouse access to supplies. Hearings have not yet started.

● The U.S. Department of Justice started its own internal investigation into uranium price fixing in 1975, and then in March 1976 formally initiated grand jury proceedings to enquire into the possibility of the international uranium industry breaching U.S. anti-trust regulations.

● At the political level, the U.S. House of Representatives Oversight and Investigations Committee has been holding hearings about the international industry. The main relevance to the litigation is the light which has been thrown on the actions of producers between 1972 and 1975, mainly by the testimony of officials from Gulf Minerals Canada, a subsidiary of Gulf Oil. The Senate has not held hearings.

Until 1970 Westinghouse covered its commitments for uranium sales with backing purchases, so that in 1967, for example, it claimed to be the largest private buyer of uranium in the U.S. But around 1970 it ceased to buy uranium to cover what it was contracted to sell.

By September 1973, it had been calculated that Westinghouse was committed to provide in the U.S. alone 53.6m lbs of uranium which it did not have. A month later the price began to move upwards, starting to leave Westinghouse's short position very exposed.

In October 1973 the spot uranium price was \$6.50, a year later it was \$14. By May 1975 it was \$21. Prices for 1980 delivery rose likewise: from \$120 in 1973 to \$35 in May 1975. But Westinghouse, which had continued to build up its short position into 1974, had been selling uranium at an average of \$10 a pound.

Furthermore, there was no provision in the Westinghouse contracts for price escalation if the market moved upwards. Adjustments were only linked to the general level of inflation. There appears to have been an attempt in mid-1974 to renegotiate the contracts, but the utilities rejected the proposals. By the middle of 1975, Westinghouse was acknowledging difficulty in predicting its African uranium sales agency after 1978. In September it conceded that it could not honour its contracts. Its plea of "commercial impracticability" carries with it the implication that there were "unforeseen, circumstances" which made it impossible to meet the obligations.

Westinghouse now says that the "unforeseen circumstances" included the existence of a uranium cartel. The existence of some sort of cartel is now well-established and was not a source of disagreement at the Lord's hearings. The differences appeared in interpreting its activities.

● "Because of the embargo, the activities of the cartel could have or immediate effect on the U.S. domestic market," Mr. Kenneth Brinkson, Q.C., counsel for RTZ, said.

● "The complaint by Westinghouse is that this cartel had an effect in the U.S. and was aimed at injuring Westinghouse quite deliberately," Mr. John Vinelott, Q.C., counsel for Westinghouse, said.

Sources of information about the cartel include statements by the Canadian Government, information gleaned in the House of Representatives hearings, and documents acquired by Friends of the Earth from Mary Kathleen Uranium, an RTZ group mine in Australia.

The Friends of the Earth documents have been admitted as evidence at Richmond. They despatch to the U.S. Attorney General in August, 1976, prompted three things. First it gave Westinghouse the opportunity to claim there was now evidence of the cartel. Second it prompted the suit lodged in the Illinois court, and third, simultaneously, in October 1976, the moves started to seek testimony from RTZ directors about the cartel.

The cartel, or "informal marketing arrangements," or "the Club," existed between 1972 and 1975. It brought together producers from Australia, France, South Africa and Canada, thus inevitably involving RTZ and was the subject of government involvement.

A series of meetings dealt with tendering arrangements, minimum price levels and quotas before the rise on the market made the cartel's business irrelevant. But all the arrangements specifically excluded the U.S., which was in any case shut off from the world market.

Further, it is charged that in 1973 Westinghouse was offered uranium, refused to buy it. The offer from Gulf Minerals Canada for 5m lbs at a price between \$6.90 and a pound.

Hearings in the Richmond court started in September. Judge Meritige has pronounced that the cases are likely to be settled out of court, however. Westinghouse has then sued its suit in Illinois with the fact of financial burdens.

Its last annual report that in the event of directed negotiating arrangements resolving the dispute, the cost will be substantial. I, partial relief from the cost is received, the financial could be severe. If a contract is to be fulfilled impact "will of course be extremely adverse."

Whatever the outcome of litigation, the affair is likely to have wider repercussions, is so because of the involvement of governments, which highlighted differences of conduct in which they conduct its anti-trust investigations.

Mr. Silkin has charged U.S. with attacks on sovereignty, but is relying the courts to protect nationals from having to anti-trust proceedings in U.S. Meanwhile Canada, Australia and France have bidden their citizens to operate with the U.S. at ties.

In August, however, the Attorney General, Mr. Bell, stressing the "fundamental U.S. interest" of the investigation—the grand proceedings—said, "It is an excuse for deliberately blocking legislation that frustrate U.S. anti-trust Com. legal co-operation which was said to be artificially increasing the price ways. And that is iron—did nothing to slow the just what Mr. Silkin said."

increase in uranium Mr. Gillespie said. Westinghouse rejects uranium market, and the nature of the cartel. Lords, Mr. Vinelott con that it set out to disclose against "middlemen" early Westinghouse. The sion should not be left, that the cartel was op outside the U.S. and l effect in the U.S. The car been in negotiation with producers.

Refusal to b
In the Richmond court utilities maintained the existence of the cartel's material when compare the fact that Westinghouse selling uranium without ing its position. Doc have been produced whi gest that not only was the common knowledge in dustry but that Westic tried to join it through a stake in an Australia venture.

Further, it is charged utilities that in 1973 Westinghouse was offered uranium, refused to buy it. The an offer from Gulf General for 5m lbs at a pound and another from Minerals Canada for 5m lbs at a price between \$6.90 and a pound.

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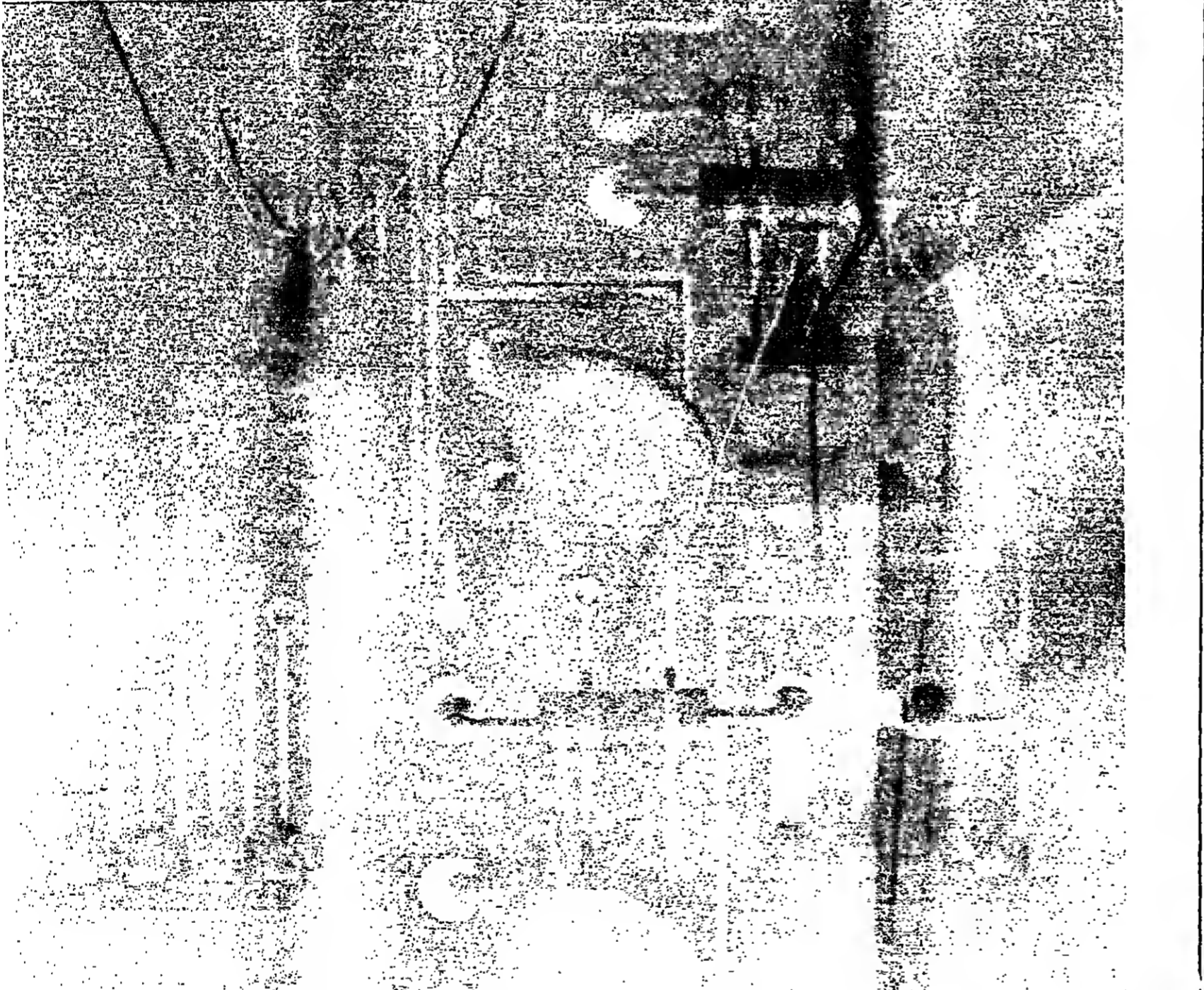
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NEWPORT

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

QUALITY CONTROL Rank's 3-D pact with Renault

BRINGING SHARP competition to the market will be called Talycheck, a portable, in particular, in a machine which is estimated for the first of the series to be alone at about £200,000 a year.

Taylor Hobson has been at it for some time, and it will market a series of accuracy 3-D coordinate measuring machines designed by Renault-Machines in France.

Model options include manual, numerical and computer supervised control.

In the industrial sphere in Britain and its necessary manufacturing plant modernisation is beginning to get under way, timing of the Rank decision has been just right.

More from the company at POB 38 Gubhaxon Street, Leicester LE2 0SP. 0533 23892.

INSTRUMENTS Six colour recorder

PRODUCED by Siemens at the date rate for that channel being increased by six times.

Recordings are made on 100 mm wide edge perforated paper, with 30 mm of visible curve length on the vertical front panel. Paper speed can be set in six steps from 30 to 300 mm per hour, each roll lasting on average for one month.

Front panel dimensions are 144 by 144 mm; the instrument is designed for panel mounting and has an installed depth of 245 mm. More from Postfach 21 40 80, D-7800, Karlsruhe 21, West Germany.

CONSTRUCTION piercing hard rock

USE in hard rock tunnel excavation, demolition and lining projects, a hydraulic has been introduced which has been designed to counter conditions that normally would allow drilling equipment to be used, such as locations where access is limited or the environment is hazardous.

Developed by the special group of Gullick Dobson, the punch operates at a work pressure of 15,000 psi and a maximum capacity of 200 tons.

Optical monitoring, hole size and material combined is 20 mm diameter through mm. thick BS 4380 steel.

Condensation deterred

U.K. manufacturers of anti-condensation coatings are being challenged by a Swedish company, AB Grafsk Farg, which claims it has a material offering great advantages over existing products in this field.

The material is described as a latex emulsion paint system impregnated with titanium dioxide and containing fillers with thermal insulation and water absorbing properties. It is non-toxic and not inflammable and is thinned and cleaned with water.

Especially suitable for profiled roofing sheets, the material is being marketed under the brand name Grafo-Therm FG 777 by Shaou Chemicals, 6 Arden hit Lane, Hemel Hempstead, Herts. (05327 61209).

Compressors made quiet

TWO RANGES of packaged compressors for medium and heavy duty applications have been introduced by A. E. Bellia. Design emphasis is on acoustic control, and the company says the noise emission levels are below 75 dBA, anticipating stricter noise control legislation.

At the heavy duty end the compressors are of the water-cooled V-type, with an complex foundation requirements. Capacities are from 750 to 1000 cfm.

The medium range provides capacities of 300, 420 and 600 cfm, at pressures up to 150 psi.

For both ranges, load control, starting and protection functions are incorporated in a single unit for centralised operation. Normal operating conditions and alarm situations are visually displayed.

Details from the maker, an Amalgamated Power Engineering company, at Ickfield Square, Birmingham, B15 0QL (021-454 3581).

FOR SALE

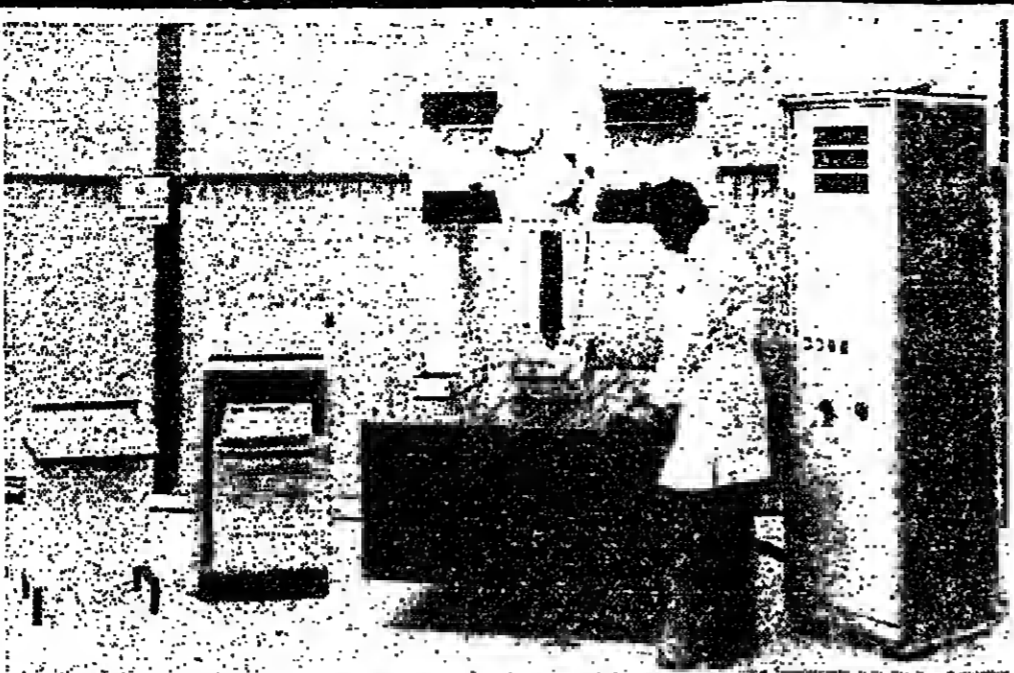
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COMPONENTS Supporting pipelines

IN CHEMICAL processing plants, oil industry installations, and conventional or nuclear power stations, a wide variety of pipe-work has to be installed.

Main advantage of the Liseza system (based on intersecting springs) is that compared with the usual lever balanced systems it is much more compact. It is easily adjusted on site, without changing any of the components, should the load requirements alter. If the pipeline is to be subjected to hydraulic test, the compensating spring can be locked in position and does not move under the added load.

Major production is in a standard range of nine hangers and accessories, covering maximum loadings from 250 to 10,000 lb, and designed to simplify specification and installation—for example, on two elements of differing load capacity can be connected in firm support.

The hydraulic shock absorbers, intended to protect pipework from thrusts and shocks produced by anything from valve closures and water hammer to earth tremors, have a load range from 1 to 50 tonnes. They protect against both tension and compression, and have a maximum travel of 200 mm.

Details from the U.K. agent, C.T. (London), 3 Hopton Place, London SW1W 0BW (01-235 1704).

PRINTING Perfectors move in

ALTHOUGH the idea of a press capable of printing one colour on two sides of a sheet on a single pass through the machine—or two colours per pass—is not new, pressure of costs of various kinds is making the machines which can do this much more acceptable.

Perfectors, as they are known, double production capacity for a given floor space and will also cut make-ready time and paper wastage.

Soag Machinery of Brentford, which imports Czechoslovak machines in the Dominant series, reports a great deal of interest in the Dominant 724, a perfector first seen at the recent Drupa exhibition and offering extremely simple changeover from one form of printing to the other.

First U.K. user to take delivery of this machine is Eoffield Printing which has print orders for monthly magazines. It is meeting by using the unit for printing in black on two sides. When not used for the scheduled print runs, the 724 is converted for the production of colour work involving prestige promotional brochures.

Soag indicates that while the idea and some equipment has been around for about three years, the industry is only now beginning to take advantage of the economies such machines as the 724 can offer.

Soag works from Transport Avenue, Great West Road, Brentford, Middx. TW5 9HB. 01 560 5151.

Automation in offset

TWO COMPLEMENTARY printing units, which can, however, function independently, have been unveiled by Itek Graphic Products.

The first machine is an electronic platemaker able to turn out six or more A3 plates per minute with variable reduction down to 64 per cent.

Originals can be handled in sizes up to 18 inches by 12 inches and positioning of the work prior to processing can be achieved with complete accuracy whether it is a plain original, a paste-up or combines overlays. An image retention facility prevents unwanted image formation at the edge of a plate when the plate size in use is larger than the original.

Switching from A3 to A4 with the 165 FSP requires no more than a dial adjustment and no roll change.

Further steps towards full automation compared with its predecessors is the main characteristic of the offset duplicator (the 969) which can be complementary to the foregoing unit. It can take up to 60 plates at once and requires only selection of run length and pressing the start button to carry out a full production run.

Operating speeds vary from 3,000 to 8,000 impressions an hour and the machine will work to a line sorter or with its own alternating stacker. Memory will store instructions on differing run lengths according to plate, but the operator has override control at all times.

More from Itek at Itek House, More Street, London, E.C.1. 01-255 3650.

Lovell

for construction

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COMPUTING Collapse of machine prices

FOR LESS than £200, Lynx Electronics is preparing to provide a fully operational minicomputer array to kit form. Nascom 1 is to be presented to the growing number of people interested in having their own personal computer at a symposium on November 26 at the Wembley Conference Centre.

Lynx has built the equipment round a Z80 micro from Mostek, suitable for mounting on an A4 size board together with its memories and input/output devices.

A 48-character communications keyboard is provided and the kit will use an ordinary domestic TV set as one of its output units. Provision is also made to store programmes on a simple domestic tape recorder.

A fair amount of software is already available. But Lynx has disclosed that it is continuing development and thus the basic Nascom 1 will be expandable to a comparatively powerful unit over the next several months.

More from Lynx Electronics at 92 Broad Street, Chesham, Bucks. 05405 75154.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Banning foul play in the European price league

After yesterday's article on international performance yardsticks, Christopher Lorenz explains how several Post Offices have found more accurate ways of comparing tariffs

Kr. DM. PFL

POST OFFICE is always accused of charging too for its business telephone service. So the Corporation was when its latest study of the cost of telephoning in put it a respectable well behind the leaders, Germany, Italy and France.

Most European Post Offices recognised several years ago that it was misleading to compare their prices on the basis of exchange rates, though the British have continued to use them for years.

Apert from the obvious difficulty that parities continually change nowdays, distorting any comparisons based on them, they reflect only the purchasing power of each currency for foreign trade and payments, not for purely domestic goods and services.

To paraphrase the Bundespost survey: "these little gains in exchange rates comparisons of late years place in place in America. After years of them that the British telephone service is not only less than the North American more expensive, this is time of controversial news."

British and German companies both used an identical for overcoming current exchange rate distortions, using telephone charges in country to the purchasing of its inhabitants. Both based on the tariffs per during the first quarter 1977. Their conflicting contents only go to show how wrong it can be to try and international price comparisons a realistic footing.

Of these conflicts to explain both studies sent a considerable step forward from the comparative odds on which the two positions relied until less than two years ago, and which still use. Of the two, British one provides a better guide, because it shows how the picture has changed over the past five years.

even though they are low by international standards, as measured by official exchange rates. Britain is an obvious example of the second type: the Post Office emerged far more favourably from the old type of exchange rate comparison than from any of the newer and more sophisticated studies.

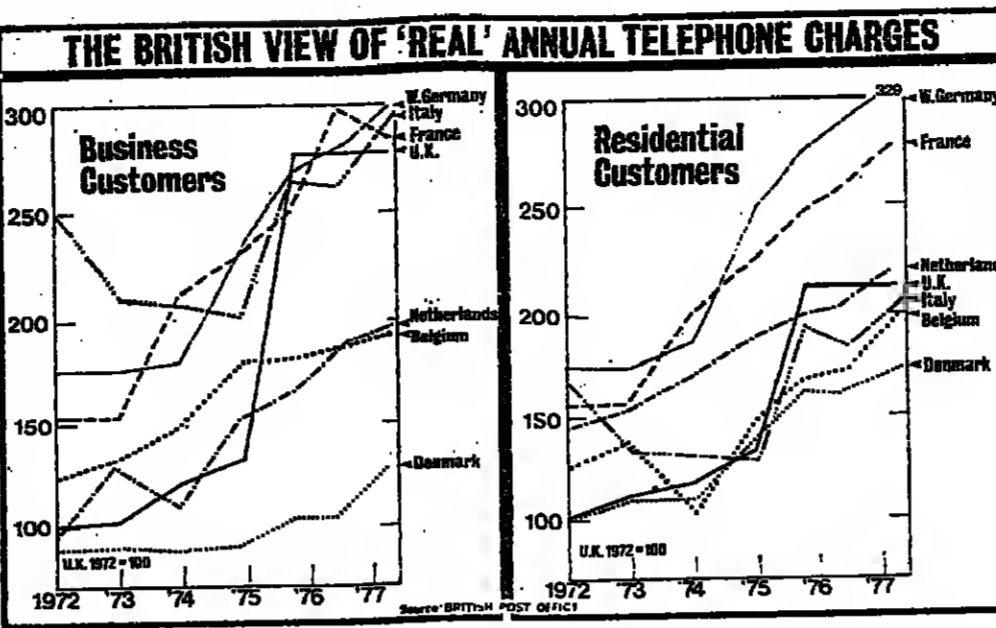
The new techniques attempt to produce "real" comparisons in one of two ways: either by calculating how many working hours are required by the "average worker" to pay for his use of the telephone — the "working time required" concept; or by adopting the technique of "purchasing power parities."

It is the second approach which the British and Germans used for their latest studies.

The "working time required" approach makes use of several averages, the two most important being average national wages (usually gross hourly wages for workers in manufacturing industry), and a representative subscriber's telephone bill. Since 1964 the Swedish telecommunications administration has been publishing such comparisons at three-year intervals.

One of the drawbacks of the "time required" method is that international comparisons based on gross hourly wages are not an accurate guide to buying power, since countries' tax rates and social security systems vary so much; thus the German worker, for example, pays less tax than many of his European counterparts, but his direct social security contributions are relatively high.

Considerable distortions also result from the time it takes most countries to produce the necessary average wage data. Final statistics can take a year or more to prepare, and so it is almost impossible to compare each country's wage data for the same month with reasonably up-to-date telephone tariffs.



THE GERMAN VIEW (BUSINESS SUBSCRIBERS—IN DM)

Canada†	1442
Italy	1328
U.S.*	1305
Britain	1211
West Germany	1209
Norway	911
Austria	903
France	855
Belgium	613
Netherlands	587
Switzerland	514
Denmark	442
Sweden	375
Japan	341

Notes:
1. Jan. 1977 date
2. Figures rounded to nearest DM
†Bell Canada (Montreal area)
*New York Bell (for Bell's Columbus, Ohio Company, the figure was DM 2042)
Source: Deutsche Bundespost

vidual services, such as telephone installation and local calls. But monthly telephone rentals and especially trunk call charges are often more expensive in North America than in Europe, even when converted on a simple exchange rate basis.

The seemingly paradoxical situation of some European services, but not others, being cheaper, arises partly because the Bell System subsidises the cost of local services from trunk call revenue to a much greater extent than do most of its European counterparts; which also implies a greater cross-subsidy from business to domestic subscribers. This is yet another example of how misleading it can be to compare the cost of individual services, rather than a package, or representative combination, of them.

that completely up-to-date or "package," as it is generally known. One of the main reasons for the discrepancies between the various national studies of comparative telephone "real" costs is that each country's Office (whose index is used by the British Post Office as well as the Bundespost).

The ppp index has found increasing popularity in German industry in the past two years, in the wake of the Deutsche Mark's continued appreciation, which has made German products and services look extremely expensive in international terms even to domestic customers. The pharmaceutical and electrical industries in particular have used ppp comparisons to show that their products and services are not as expensive in domestic terms as exchange rate comparisons suggest.

By using "shopping baskets" of nearly 500 goods and services (their composition varies from country to country), the statistical office's ppp system takes account of each country's general price level. It therefore indirectly reflects currency values, but only in terms of domestic (not cross-frontier) purchases: a by-product of the technique is that the index does not fluctuate rapidly with the currency market.

The monthly procedure of the Statistical Office is basically as follows: first it prices a representative German shopping basket in DM in Germany. Then the same basket is costed in another country in local currency. A basket representative of the second country is then costed at home and in Germany. This produces two cost ratios which are averaged to produce the relative purchasing power, or ppp, index. The process is repeated for each country with which a comparison is required.

The ppp index is applied to the cost of the particular product or service to be compared. For example, to compare "real" telephone charges with Germany, the BPO costs a representative British telephone bill in DM, and multiplies the DM value by the ppp index to give the comparative German cost (in sterling). This is then set against the actual sterling cost of the bill to achieve the "real" comparison.

A crucial element of this calculation, as with all the other comparative techniques discussed in this article, is obviously the composition of the "representative" telephone bill,

but they come to very different conclusions about the Netherlands. The British survey puts the U.K. roughly on a par with the Netherlands, but the Bundespost calculations are much more favourable to the Dutch.

The only obvious conclusion is that, while the ppp technique may have removed many of the currency-related drawbacks to international comparisons between nationalised industries prices, some harmonisation is needed on the physical, or consumption-related, part of the formula.

Since such an accord on a generally acceptable package neither exists nor is likely, one has to make do with generalisations. One can at least average out the British and German results and conclude that the two countries' "real" telephone costs are roughly equal; the British may be slightly cheaper, and have been throughout the five years, even if one discounts the effect of British price restraint and its aftermath.

The Bundespost's conclusion that the real cost of business telephoning is higher in North America than Europe is not as surprising as it may seem. The conventional wisdom is the reverse; but this view has been based on comparisons of individual services, such as telephone installation and local calls. But monthly telephone rentals and especially trunk call charges are often more expensive in North America than in Europe, even when converted on a simple exchange rate basis.

The seemingly paradoxical situation of some European services, but not others, being cheaper, arises partly because the Bell System subsidises the cost of local services from trunk call revenue to a much greater extent than do most of its European counterparts; which also implies a greater cross-subsidy from business to domestic subscribers. This is yet another example of how misleading it can be to compare the cost of individual services, rather than a package, or representative combination, of them.

Burdensome

The significance of these arguments, if not their complexity, is perhaps best conveyed by a recent Swedish study. Telephone rates which are nominally high in a particular country, by international standards, are not necessarily considered burdensome by national consumers, it pointed out. In countries with high wage and salary levels, inhabitants may consider "the real level of the rates to be quite reasonable or even low," by the same token, of course, in countries with relatively low wage levels may consider extensive, expensive,

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Early last year the Bundespost compiled a comparison of "real" telephone costs for 14 countries, using the "working time required" method. Information about the telephone charges which were in force everywhere on January 1, 1976 was easy to obtain, but the Bundespost had to make do with wage data stretching back from July 1975 to March 1973. Even just for Germany and Sweden, for example, there was a 18-month gap between publication of the most recent comparable data.

A year later the Bundespost repeated the exercise, and succeeded in narrowing the German-Swedish wage data gap to 10 months, but all the wage data it used was at least 15 months out of date, compared with the then current (January 1977) telephone tariffs.

Enthusiasm

Such discrepancies clearly give misleading results, particularly at a time of such high inflation in many countries. This partly explains the new-found enthusiasm of the British and German Post Offices for the "purchasing power parities" system, although it is based on an entirely different conception of buying power. The Swedes are also considering use of the ppp technique.

One of its key advantages is

Advice for small firms

THE GOVERNMENT yesterday revealed the detailed timetable for extension of its Small Firms Counselling Service (described on this page last Friday).

The service swung into operation yesterday in the Northern region (based on Newcastle), but an exact date for the North-West (based on Manchester) has yet to be given: it is expected to be in the first two or three weeks of the New Year, the Department of Industry says.

The West Midlands, Yorkshire and Humber, plus the South-East regions should all be operating the service by mid-1978, if the DoI's current hopes are realised, with other parts of the country possibly following later.

Clients will have to pay slightly more in the North than their brethren in the South-West, where the service has been operating for the past year. The first counselling session will still be free, and the second will still cost £5, but the third will be charged at £15 instead of £5; as in the South-West, subsequent sessions will cost £15 a time.

Business courses

Executive Health, Quagline's, Bury Street, London. November 15. Fee: £35 plus VAT. Details from London Professional Conference Services, 3 Barnes High Street, London, S.W.13.

Managerial Finance for Purchasing Executives, Clarendon Hotel, Leamington Spa, November 17-18. Fee: £95 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent.

Mid-Career Counselling for Managers, Brunel University, Uxbridge, Middlesex. November 21-22. Fee: £100. Details from Management Programme, Brunel University, Uxbridge, Middlesex.

Secretarial Development Course, East Street Hotel, London. November 23-25. Fee: £115 plus VAT. Details from EM Courses, Administrative Office, 4, Maple Dale Avenue, Croydon, Surrey. Is Britain a good base for a multinational company? Grosvenor House, London. November 22. Fee: £75. Details from The English-Speaking Union, Seminar Secretariat, Dartmouth House, 37 Charles Street, London, W.1.

Basic Industrial Relations—A training workshop for managers, Grand Hotel, Birmingham, November 22-24. Fee: £75 plus VAT. Details from Conference Assistant, Food, Drink and Tobacco Industry Training Board, Barton House, Barton Street, Gloucester.

Performance guarantees, Royal Lancaster Hotel, London. November 25. Fee £70. Details from Investment and Property Studies, Norwich House, Norwich Street, London E.C.4.

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Tuesday November 8 1977

Price trends cheerful

HOWEVER uncertain the prospect of keeping average pay settlements close to the official target, and therefore of bringing about a continued fall in the rate of inflation during the second half of next year, the raw material costs of manufacturing industry are still dropping in a highly encouraging manner. The Department of Industry's index fell during October by another 1 per cent, despite the fact that the provisional figure for the previous month was again revised downwards. It has now fallen in every month since April and is below its January level. The fall in the past three months alone has amounted to 2 1/2 per cent for materials other than those for food manufacturing and 4 per cent in the case of the latter. Since this fall in food material prices has been entirely concentrated on imports — partly because of the further appreciation of sterling against the dollar — it suggests a useful fall in import prices still to come. This fall in input prices is helping to slow down the rise in factory output prices. The output index in October was still 1 1/2 per cent higher than a year before (as against 1 9/16 per cent in September), but its recent movement has been considerably better than that.

Cost of living

In October alone, the output index for manufacturing industry as a whole rose by only 1/4 per cent. Over the past three months the index for manufacturing outside the food group has risen by 3 1/2 per cent, the price of manufactures in the food group, which has risen in the previous three months by 6 1/2 per cent, actually fell slightly in October, mainly because of a further drop in the price of animal feedstuffs. Just as the fall in input costs has led to a slower rate of increase in output prices, moreover, so the later is bringing about a slower rate of growth in retail prices. It looks as if the increase to the cost of living for the 12 months to end-December will not be far off the official estimate of 13 per cent, and the rate of increase should

continue to decline, whatever success or lack of it the Government has in holding down wage increases, for some months after that. Living standards have recently been cut by a faster rise in prices than in net incomes. This process should gradually be reversed from now onwards and retail sales should benefit. The retailers must be looking forward to a recovery with eagerness. Although the volume of retail sales for the third quarter now turns out to have been 3 per cent higher than that for the second, sales so far this year have been 3 per cent below those for the first nine months of 1976 — a year which itself was below the peak years of 1973 and 1974.

Savings ratio

The tax cuts recently announced by the Chancellor will come through, for the most part, at the end of this month and will probably, like the pensioners' bonus, lead to an immediate increase in consumption: that is certainly the official intention. What happens after that will depend not only on the length of the winter sales, pay expectations and Budget hopes but on continuing progress towards a reduction in the rate of inflation.

Re-open the issue

Train drivers have re-opened their Stage Two deal, but the depth of their determination has yet to be tested, and some of the printing unions are also planning to re-open the wages issue for their members in general printing. Because of the success of the 12-month rule, attention quickly turned to the size of pay claims being submitted by groups of workers due for a rise in the early autumn. Those claims reached almost ludicrous proportions — a reflection, perhaps, of the union negotiators' desire not to be seen to be curbing their members when the TUC had made no further pronouncement about the right settlement level. The few settlements that have ensued have tended to show that those claims were more an expression of frustration than a serious opening bid. In this category come the police — who took 10 per cent plus the promise of an inquiry — after calling for rises of between 70 and 104 per cent. Large numbers of workers, with pay anniversaries both before and after the magic August 1 date, have settled at

AFTER two years of voluntary pay restraint, unexpectedly successful from the point of view of the Government and the TUC, the difficult re-entry period starting on August 1 this year began well. Most of the unions which hoped for a bonanza following the TUC's inability to promise another voluntary pay limit, have since fallen into line with the Trades Union Congress's overwhelming vote in favour of the so-called 12-month rule. With one or two exceptions, they have accepted that settlements reached during the 12 months of Stage Two must remain in force until the next anniversary, and that they could not forego a Stage Two 5 per cent rise even if that fell due right at the end of the period. The importance of the 12-month rule was that its observance guaranteed that the return to free collective bargaining would be "orderly" — to use the TUC's chosen phrase. It was intended to, and in fact did, prevent a rush of claims on August 1.

Although the 12-month rule remains an important buffer against wage pressure — not least in the case of the miners — it has ceased to be the main anxiety. Almost the only group to have held out against it is the Merchant Navy officers who are about to hold a ballot to test the chances of industrial action in favour of a 17 per cent pay rise. The officers were due to settle as long ago as June 1, under the 5 1/2 week of Stage Two.

The productivity exemption is unpopular with the Confederation of British Industry, and with many unions: it has aroused suspicions that many deals of this kind either made or proposed are bogus. The CBI recently surmised, for example, that productivity deals were adding between 6 and 8 per cent, on top of the 10 per cent, earnings increase allowed by the Government, or on top of Stage Two settlements. It believes that, in spite of the evidence being issued by the Department of Employment, companies are using up all their productivity gains to pay higher wages.

But the productivity exemption was a political necessity. It was intended to ease the pressure for substantial cash increases — and not only from the miners — without adding to price inflation.

But like this 10 per cent earnings limit, it looks like causing presentational problems. If a group settles for a single-figure rise in basic wages, plus five, six or more per cent, on top of improved output, the settlement will tend to set a "going rate" well above the 10 per cent. even though individual settlements can be shown to add less than 10 per cent, in unit costs. Incidentally, it is by no means clear that the Government has succeeded in clearing up its first presentational difficulty. There is some evidence that its declared ceiling of 10 per cent, on national earnings over the 12 months from August has been interpreted as an actual level of wage settlements, in

SETTLEMENTS SINCE AUGUST 1

(Actual or proposed)

300,000 Farmworkers: 12-13% (10% in Scotland), after 50% claim.
118,000 Policemen: 10%, plus pay inquiry (undated).
57,000 Ford Motor manual: 12%, plus fringe benefits — cost not given.
*3,000 British Oxygen drivers and handlers: 12% (2% productivity, plus further productivity, to total possible 20%).
*800 Air traffic control assistants: regrading deal £315 lump sum plus 4% extra in April.
10,000 Midlands lorry drivers: 15% from end-Nov. Price Commission investigating industry.
23,000 Heating and ventilating: 20%; Government sanctions threatened.
*19,000 Vauxhall unskilled: 10% plus productivity of 5%. Rejected by 5,000 craftsmen.
*5,500 BSC sugar workers: 8.84-10.4%, plus productivity — total possible 19%.
200,000 English clearing bank staff: Stage Two arbitrator deal after 10% claim.
400,000 Catering (wages council): 10% after 30% claim.
55,000 ICT manual: Stage Two, plus one-year productivity deal in negotiation.
60,000 Gas manual: Stage Two, plus productivity talks.
70,000 Clothing workers: 10% accepted.
7,200 Pilkington glass workers: Stage Two, plus 10% productivity deal.
5,400 Govan shipyard: 10% accepted.

* Industrial action taken.

the approved level. This process had undoubtedly been helped by the Government's decision to let self-financing productivity deals go through in spite of the 12-month rule and its own policy of keeping basic rate settlements to within single figures.

The policy was, some would say, bound to spring leaks sooner or later. The fact that the miners turned down an incentive scheme last week was a blow because it stopped any chance of an "organised" leak if that had been found necessary, and forced the Coal Board and Government to think up other ways of getting cash into pockets without an ostensible breach of the policy. Ironically, too, the productivity exemption is now being exploited by many groups — especially, perhaps, in the white-collar areas — for whom it was not intended at all.

But far more serious for the credibility of the whole design has been the few large public settlements of more than 10 per cent. Ford Motor was the first, with its 12 per cent award plus fringe benefits adding another 10 per cent — amounting to a 22 per cent wage bill. Ministers have been publicly "regretting" the Ford deal and a general assumption that they will do nothing further about it. Yet the Ford

deal is still apparently being looked at, and formal clearance that the game is up. Indeed, — probably on the grounds of the company's productivity and profitability — has yet to be given.

Since then British Oxygen drivers and gas cylinder handlers seem to be about to accept, after damaging industrial action, a complicated, pay and productivity deal that the Government accepts as within the guidelines. Road hauliers in the West Midlands, under threat of industrial action, agreed to pay 15 per cent from the end of this month. The Government tried to talk them out of it, failed, and as a result asked the Price Commission to look at the whole industry.

Even the farmworkers, whose industrial strength is virtually nil, have wrung a 12-13 per cent award out of the Agricultural Wages Board for England and Wales.

In spite of all this, the Government can claim a fair measure of success. It may have found its policy weakened earlier in the wages round than it would have liked, but its pay strategies believe they are still heading for a tolerable outcome. In other words, nothing has

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CLAIMS OUTSTANDING

- 260,000 Miners: up to 90% from Nov. 1 (breach of 12-month rule); productivity scheme rejected.
- *30,000 Firemen: 30% claim. Offer of 10%, plus cut in hours next year.
- *10,000 (approx.) Power station manual: unofficial claim for shift, travel and fuel allowances.
- *25,000 BSC staff: claim outside 10%, 5-15 offer rejected.
- *25,000 Local council manual: 30-40% claim. 15% rise claimed.
- 45,000 Merchant Navy officers: strike ballot over 17% claim. Stage Two settlement due June, 1977.
- 29,000 Train drivers (ASLEF): £30 a week rise claimed. Last deal April, 1977.
- 5,000 Oil tanker drivers: 40% plus claim lodged.
- 29,000 Dockers: 17-30% claimed at various ports.
- 20,000 Fleet Street printers: 15% plus £10 a week minimum claim (totals 25% say employers).
- 180,000 General printers: some unions to re-open Stage Two deal.
- 10% settlements include those at, or below, this figure on basic rates.
- * Industrial action taken.

Time to end the Dutch crisis

FORMING Dutch Governments is notoriously difficult. The combination of an extreme form of proportional representation and three main streams of political opinion — Socialist, Christian Democrat and Liberal — makes it virtually inevitable that only a coalition can command an overall majority in Parliament. The three main political groupings are divided, however, by deep ideological, and often personal differences which seriously complicate negotiations between them. It is not unusual for the Netherlands to go for several months without a new Government in the period following an election.

Square one

The latest Dutch Government crisis, however, has now beaten all previous records and it is still far from over. Last week's decision by Mr. Joop den Uyl, the outgoing Socialist Prime Minister, to admit final defeat in his efforts to form a new Administration with the Christian Democrats has plunged the country back into confusion and would appear to imply that the entire coalition-forming process must now start again from square one. The talks broke down when it became clear that there was no way the two parties could agree on the people who should hold Ministerial posts in the new Cabinet. The Christian Democrats insisted on the inclusion of Right-wing politicians, whom Mr. Den Uyl knew to be totally unacceptable to his own Party's grass roots.

It is exceedingly rash, however, to apply the word "final" to a collapse of Dutch coalition negotiations. The latest rupture is the fourth breakdown in the talks since they started in the aftermath of last May's elections. Three highly sensitive issues — land reform, the proposed excess profits tax and abortion — have brought the talks to a halt over the last few months, and each time the appointment of mediators has restarted them.

try to form a Centre-Right Government with the conservative Liberals. But it is doubtful that this combination could maintain a working majority in Parliament, and the odds must be that new efforts will be made to resuscitate the Socialist/Christian Democrat formula. The alternative would be a minority left-wing Administration composed of the Socialists and the smaller progressive parties.

In the first place, decisions are urgently required on a new package of measures to stimulate investment, reduce unemployment and bring down industrial costs. It will be extremely difficult to satisfy the trade unions in the major round of wage negotiations that is just about to start if the details of the package have not been established. Secondly, the Dutch are becoming more and more disenchanted by the manoeuvrings of the politicians, the need for which they fail to understand. There are clear signs that ordinary voters, who flocked to the polls in record numbers in May, are now relating into an attitude of cynicism towards the whole political system.

Confidence

The Dutch are particularly puzzled because the election result was widely interpreted as a vote of confidence in the Christian Democrat/Socialist coalition that had governed for the preceding four years under Mr. Den Uyl's leadership. It is true that the opposition Liberals picked up some extra seats. But Mr. Den Uyl's Socialists scored their biggest ever electoral victory, and the Christian Democrats, who campaigned for the first time as a single bloc, also regarded their modest gain of one seat as a major success. Seven months is too long for an important Western democracy to go without effective Government. It will be in the country's best interests if Socialists and Christian Democrats can bury their differences and form a new coalition as quickly as possible.

MEN AND MATTERS

Let them burn wood

Disturbing evidence has just reached me from Saffron Walden to indicate that Jim Callaghan's determination to stand up to the miners may be a lot stronger than most people have been willing to give him credit for up to now.

Last week his wife Audrey sent off for a copy of "The Woodburning Book" which has just been published by the Broad Leys publishing company.

"Wood," the introduction tells us, "has half the calorific value of coal and, at the current bulk purchase price in country areas of around £10 per ton is well worth considering as a fuel." It is of course even more worth considering if there is no coal to be found.

But the book notes out, there is no point in Jim Callaghan or anybody else laying in a good supply of dry logs and just throwing them on the traditional open fire. Of course they look terrific while burning but over 90 per cent of the heat disappears in the chimney of the conventional fireplace — together with much of the heat generated elsewhere which gets sucked up as well.

What is needed is the kind of fully closed variety which burns the wood to a fine ash. Some of the Scandinavian models on sale here apparently have got this combustion business to a fine art — they burn the logs from end to end like a cigar.

As for scarcity of supply the book points out that Dutch elm disease has put a total of 2 1/2 million trees at risk in the South East and Midlands alone — and half of these are expected to have died by 1990 together with another 5m, or 10 in the North and East. Elm logs have to be kept for

a year at least to dry out but then, apparently, they burn well.

If the worst comes to the worst however newspapers and magazines are satisfactory alternative to logs. All you have to do is set them up very tightly, secure them with wire, dip them in a can of waste oil, allow them to dry — and that will keep the stove burning for two hours, the book claims. It just goes to prove that in this business we can generate heat as well as light.

Flower-power computers

The world's most powerful chips were on display at the U.S. trade centre in London yesterday and at a price of \$10 each they seemed to be great value for money. For each chip, about half the size of a fish finger packs 9,000 transistors, is capable of one million calculations per second and in the computing power which would have required a large room full of computer hardware 20 years ago.

The chips are the brainchild of Federico Faggin, an Italian who moved on from the Olivetti semi-conductor subsidiary SGS eight years ago to form his own U.S. micro-processor company, Zilog, and is considered by many in the electronics components business, as a name to be reckoned with in much the same way as his co-national Marconi is regarded in the world of radio.

But Faggin's chips are only part of the largest exhibition of American electronic components ever staged in Britain. It is part of a determined U.S. effort to corner a 30 per cent share of the fast-growing U.K. components market by 1980.

Eat now — pay later

All those jokes about butchers offering hire purchase terms on the week-end joint have at last — inevitably some might say — started to come true.

Butcher Tony Crofts, who has built up a thriving freezer meat business from his Scotch Beef Shop in Thornton Heath, Surrey, has struck almost 100 HP bargain of between £75 and £500 each in the three weeks since he introduced "easy terms" for his customers.

He says that with meat becoming more and more expensive and freezers becoming more popular it should be long before many butchers offer a similar deal. But even he was surprised at the remarkable response from his customers. He reports that most of his HP buyers spend between £100 and £300 a visit. But such large sums do not go very far with beef forequarters selling at around £55 each for cash. Hindquarters, which contain most of the roasts and tender bits of the beast, fetch £87 or so.

The extra cost seems reasonable, given the current rising trend of meat prices. A £100 purchase paid for over six months attracts an extra £7.48 in interest.

might well turn out to be virtually indistinguishable from potted plants.

Understandable

At the awards ceremony of the Institution of Civil Engineers last week the secretary announced: "The Webb medal goes to Mr. Smith for his paper on 'Bridge Failures'. There was a slight pause and he added: "Mr. Smith is not attending."

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Observer



A BALLOON

The longer 10 per cent (plus productivity) is accepted by employers as the going rate, the more chance of preventing a rush and a collapse around next spring. The timing matters particularly this year because so many groups have held back in the hope that someone else will breach the dam for them. (With each week that passes, the better the chances become of getting those workers to settle — and the more that settle at around that level, the easier it becomes to tell the powerful latecomers in the round — miners, power workers, railway men — that there is no higher going rate to justify their own demands.)

Timing also matters for electoral reasons. It takes about six months for the first wave of wage costs to work through. But it is said, it takes about 18 months for rapid wage inflation to provoke a sterling crisis. This, according to some experts, is proved by the fact that the 1974-5 "social contract" wage explosion did not really hit the

Results no threats

The moral of this equation — that many settlements below the 10 per cent, breach may appear to be excessive — settlements — Optimism about behaviour over the next months sounds misplaced when the lights were turned on, the miners seem not to accept a 10 per cent rise, and the firemen are threatening national strike for 30 per cent — as Ministers — plaintively — keep pointing it is results not threats that be the measure of their success. Yesterday the power was seemed about to give up. Last week, the police accepted 10 per cent plus a "little special" — the British Oxygen strike, to-day, The BBC is again, in its own way, blacked out some progress back to work last week.

The line has wavered but yet broken. And although winter promises a success pay crisis, late-night talk even special deals, it can be said that the police, surrounded. Next week says if the firemen will and the miners decide to break — but not yet.

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FINANCIAL TIMES SURVEY

Tuesday November 8 1977

مكزامن النجف

BRAZIL

After past political traumas, the coming year could mark a milestone in Brazilian history, bringing political change by evolution. However, it is unlikely that the armed forces will be ousted from their dominant role in government in the foreseeable future.

BASIC STATISTICS	
Area	3.29m. sq. mls.
Population	109m.
GNP	Cr.473bn.
Per capita	Cr.4,705
Trade (1976)	
Imports	\$13.6bn.
Exports	\$10.1bn.
Imports from U.K.	£174m.
Exports to U.K.	£239m.
Currency: cruzeiro £1 = Cr.25.04	

Seeds of change

By HUGH O'SHAUGHNESSY, Latin America Correspondent

Dismissed

But then came the Frota affair last month. General Frota, the War Minister, was summarily dismissed by the President. General Frota, a man of the extreme right, had been campaigning with increasing energy in an attempt to secure for himself the support of the armed forces and among conservative civilians which would have given him the nomination for the presidency in 1979. His term in office was to end in 1979. His candidacy was not well received by General Geisel, and the fact that he was pushing himself so blatantly demonstrated that the big stake that foreign upper reaches of the army had built up in Brazil became nearly as highly political as friendly relations used as Congress in the same of important figures in the President's cabinet. Frota therefore had to go. By some quarters made it plain that the General closed down his personal differences, among the ruling press allowed to re-open a debate demonstrating that

contrary to many of his actions earlier this year, he was not a man of the extreme right but an officer who had not forgotten the undertaking he had given when he came to power in 1974 that he would nudge Brazil away from absolutism and back some way towards democracy.

This year's political uncertainty has come on top of an increasingly frequent questioning of the results of the economic policies followed by the military since 1964. Industrialists, most notably in the manufacturing centre of Sao Paulo, have been regularly sug-

gesting that the emphasis on export led growth and the attraction of foreign capital has its disadvantages. More and more of them have said that it is time to recompense the less privileged sectors of the work force for the constant erosion of their earning power and thereby provide a very much stronger domestic market. Further uncertainties have been fed into the already plicated situation by bubbling unrest among university students and an unwillingness on the part of the officially established opposition party, the Brazilian Democratic Movement (MDB), to maintain its

dent Carter's drive for greater respect for human rights among the republics of Latin America has had a profound effect on politics in Brazil as it has everywhere else in the region from Guatemala and El Salvador to Chile and Argentina.

On the military front the Brazilians have been able to reply to Washington's "meddling" in human rights questions by revoking their defence agreements with the U.S. at little or no cost, as is explained more fully elsewhere in this survey. But Brazil with its massive foreign debt and constant need for U.S. capital, is

Some feel that a start may be made next year with a decision by General Geisel that his successor will not be another general but rather some conservative civilian. The name most often mentioned in this context is that of Sr. José de Magalhães Pinto, a veteran politician who collaborated in the military coup and who can be relied upon to take his cues from the generals once gaio. Another development could well be the reappearance of a system of party politics more genuine than that in force at present.

The system as at present established has been unsatisfactory in theory and in practice. In order to maintain the facade of a parliamentary regime, the military fashioned two parties, jumbled in ideology and amorphous in membership, ARENA and MDB. The former's job was to support the military in office through its speeches in the Federal Congress, in state and local assemblies and to the public at large. The MDB's, as already noted, was to oppose loyally. Neither grouping was given any effective power which was naturally monopolised by senior officers, or delegated by them to civilian ministers.

In spite of this, the tide of public discontent with the government began in latter years to flow ever more strongly through the channel of the MDB to the embarrassment of the military.

Ever since the big gains by the MDB in the 1974 elections, civilian supporters have been thinking of ways of clipping its wings and suggesting that the best way would be to form another party which would take away more support from MDB than from ARENA. The dissolution of the ARENA-MDB arrangement in day looks more likely than ever and in the hope that such a dissolution would leave the way open for the launching of new genuine parties, opponents of the government in the MDB are perfecting their plans. No one in the opposition, however, has any illusions that the military has it in mind to allow complete political freedom, and it is taken for granted that the armed forces will continue to be a very powerful force for conservatism under any new dispensation.



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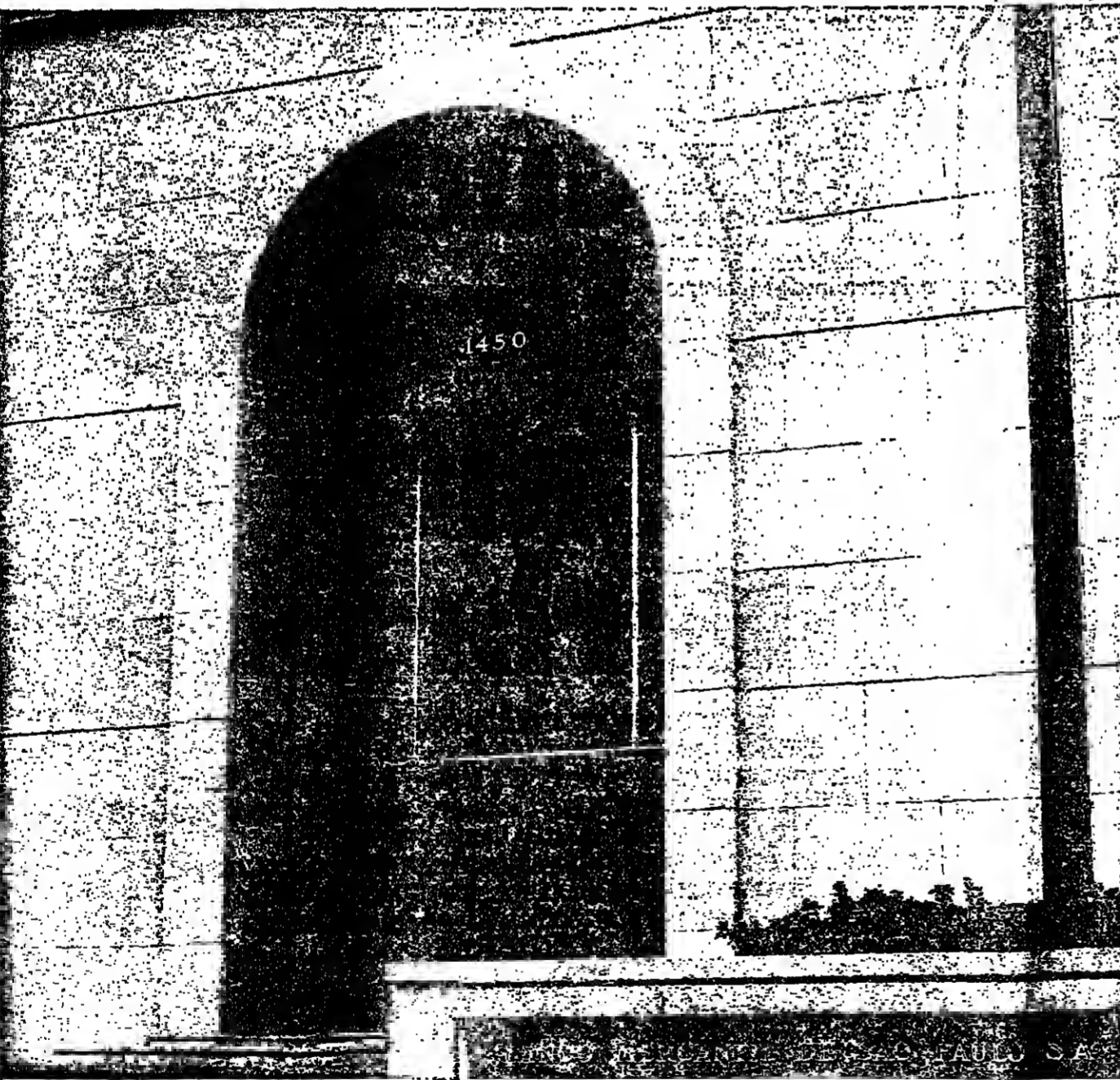
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BRAZIL II

Amid wealth a hard core of poverty

THE GAP BETWEEN rich and poor in Brazil is sometimes just a few yards. If the people in Rio de Janeiro's biggest favela, Rocinha, a hillside jumble made of bricks, planks and bits of tin, started throwing stones, they would hit not only two first-class hotels but also several blocks of shabby flats which are mushrooming under their noses.

Aesthetically, the favela is lengths ahead, especially at night. It also has a better view. But the view from the flats matters less to their owners, who have almost all bought them as investments rather than as places to live.

This kind of chronic contrast, which can be found in any big Brazilian town (except Brasilia, where the poor live in satellite settlements), underlines the unevenness of the way Brazil has developed in recent years.

Except in some rural areas, average income has increased impressively, and living standards, in the sense of the number of people who have cars, television sets and refrigerators, have advanced apace since the early 1960s. But very little new wealth has seeped down to the people who need it, a fact that became very apparent in the census of 1970. But since then the signs are that the gap is, if anything, increasing.

Two years ago, the Government decided to start changing things, de-indexed salaries and raised the legal minimum by 41 per cent, which at the time was above the inflation rate. But, at a time when priority has gone on cutting inflation, cooling the economy, exporting as much as possible and rescuing the balance of payments, the move has not been followed up, and annual wage increases are now back on a rough par with the cost of living index.

Statistics compiled by a good for two bus journeys a week and the hygiene quota almost exactly what the state company charges for water. Between 30 and 50 per cent of working Brazilians earn the minimum wage or less—the number varies because not all wages go up simultaneously with the minimum. Outside the towns, the proportion is two-thirds or more. Here, some figures are startling—such as the ones that show that rural workers' earnings in São Paulo at the height of the coffee boom earlier this year had failed to keep up with the annual cost of living, or the 3.78m. people in the 1970 census among the over 10s and classed as economically active who had no registered income at all.

Reforms in the tax which have meant a big portion of direct taxes more liberal exemptions bottom of the scale, have more into middle-class than into the wealth treated at the top.

The Government has a policy of direct redistribution through wages or through reform. Its 1975-79 plan does, however, a commitment to improve social balance, at least reducing absolute where it is most evident the edges of towns and semi-rural part of the north where the last president Médici came to the con that "Brazil is doing well the people are going be

Every 10 years, Brazil comes up with an admirably thorough and well-documented census and spends the next few years working out what it means. The 1970 showed that the country's rich had increased their share of wealth. In the countryside, the poorest 40 per cent had their allowance barely enough to rent a slum hotel, the clothing allowance not enough to buy a shirt, the transport allowance

Despite the presence of extreme conservative anti-communists in the circles around General Geisel, the Itamaraty, the Brazilian Foreign Ministry, knows that trade and investment must come first and ideology a poor second. It is unlikely, for instance, the Brazilians would trade partner in the way that the Argentine Navy did in its attack on and arrest of the Russian and Bulgarian fishing vessels last month.

Although the REC is Brazil's biggest trade partner it is the Geisel made to General Frota was to announce last month that the prospects were good for a huge trade deal with Peking which negotiators are expected to complete later this year, of the largest share of the bank



According to one of the Institute's directors, "A worker in 1962, in order to pay for his family's food consumption, had to work eight hours and 42 minutes a day. Last year, this period had gone up to 16 hours and 45 minutes."

Engineering workers in São Paulo are now pressing for compensation to account for the 34.1 per cent rise in the cost of living which the Government has recognised was suppressed from official indices four years ago. Current figures, which omit "exceptional" increases of food basket items, are also open to dispute.

By law, the minimum wage is the amount needed to keep an adult worker in food, housing, clothing, hygiene and transport. The present minimum varies, according to region, from \$51.75 to \$72.75 a month. This is broken down into separate items—54 per cent for food, 10 per cent for clothing, etc.

Sr. Roque Ares, head of the Brazilian Democratic Movement's regional directorate in Salvador, has calculated the value of the local minimum of one in 1970 showed that the country's rich had increased their share of wealth. In the countryside, the poorest 40 per cent had their allowance barely enough to rent a slum hotel, the clothing allowance not enough to buy a shirt, the transport allowance

There remains Brazil's relationship with its neighbor the largest political in Latin America and the Portuguese speaker in a Spanish speaking, Brazil historically been the giant misunderstood and fear the smaller Spanish American republics. The Spanish J cans, not without reason seen: Brazil as a power steadily seeking its geographic expansion. Fear of Brazilian expansionism has been a largely present in Argentine policy and is at the of the obstructive politics being adopted by Buenos on the subject of the linking of the waters of the River.

Argentine suspicions of have also been roused by Brazil's close identification and aid for the military in Chile.

The fact that Brazil has relations with Santiago has been the fact that Argentina and Peru has tensions with Chile on territorial questions to resist image of a Brazil-Chile running counter to an the-Perruvian axis. Be divides have, however, assumed crisis prospects recent decades, and have been able to point to the various capitals likely that they will in the future.

Hugh O'Shaughnessy

Foreign policy

IN THE middle of last month a highly emotional War Minister, General Frota, delivered a fierce attack on General Geisel which contained specific accusations that Brazil was in process of seceding out to international communism abroad and at home.

General Frota specifically cited four foreign policy moves which he strongly disagreed with: the establishment of relations with the People's Republic of China, Brazil's abstention in the vote on Cuba's relations with the Organisation of American States, the precipitate recognition of Angola "only explicable by ideological desire to give it prestige" and Brazil's vote against Zionism in the UN.

Given the right-wing, supremely anti-communist nature of the Geisel Government, General Frota's complaint that these foreign policy moves were part of a concerted plan to turn the country over to Bolshevism was patently absurd.

Nevertheless the sally of the outgoing War Minister highlighted the fact that the Geisel Government, despite its commitment to anti-Communism and what it sees as Western Christian values, is fully capable of conducting a foreign policy which seeks to pursue the national interest in any and all of the world's ideological camps.

The best reply that General Geisel made to General Frota was to announce last month that the prospects were good for a huge trade deal with Peking which negotiators are expected to complete later this year, of the largest share of the bank

Brazil's interests, General Geisel demonstrated, lay more in business with China than in ideological posturing.

The same could be said about Brazil's attitudes to Cuba, Angola and Israel. The overriding need of Brazil to trade if it is not to wither economically has led to recognition of Angola and the choice of increased trade with black Africa over hostility to the new left-wing regime in Luanda; the chance of close co-operation with Havana on strategies for the marketing of sugar on the international exchanges over anti-Castroism; and the preference for the Arab world, source of oil and investment capital, over the State of Israel.

Despite the presence of extreme conservative anti-communists in the circles around General Geisel, the Itamaraty, the Brazilian Foreign Ministry, knows that trade and investment must come first and ideology a poor second. It is unlikely, for instance, the Brazilians would trade partner in the way that the Argentine Navy did in its attack on and arrest of the Russian and Bulgarian fishing vessels last month.

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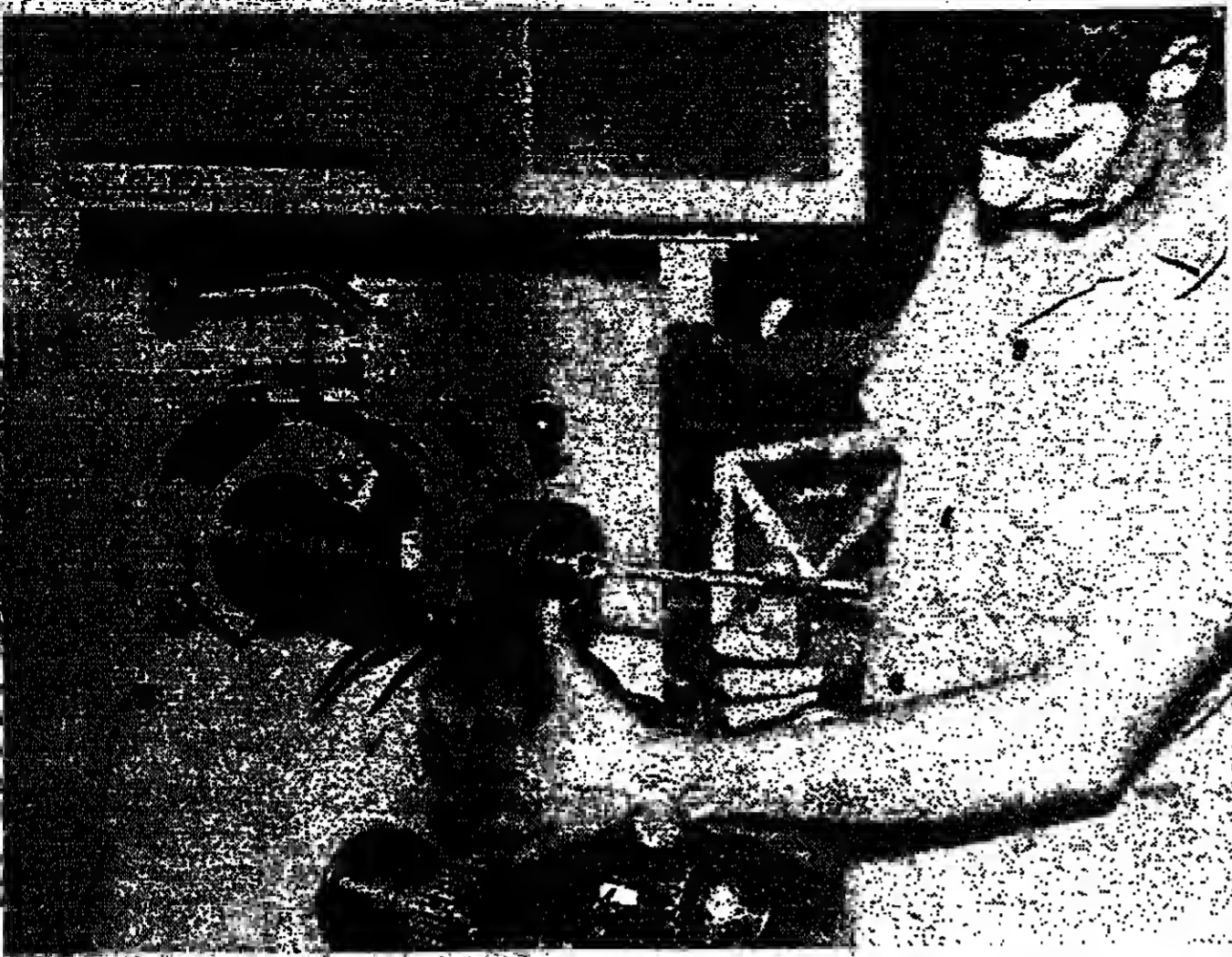
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Hugh O'Shaughnessy

مكاتبنا الجديدة

BRAZIL III



Machine being serviced at the new Edm. Molins do Brazil factory at São Paulo. The company manufactures cigarette-making and handling machinery.

Flaws in capital goods sector

BRAZIL IS AT present trying to make up for the years it missed in its capital goods sector. Until fairly recently, this sector was greatly neglected in the country's development plan. When the country's first steel mill was set up in 1941, Volta Redonda, it was the only one of national independence. One, at the time questioned the fact that nearly all the equipment for the mill was imported from the U.S. About 30 years later, when real growth was made to set up a consumer goods industry, little attention again was paid to the equipment used in the new factories. The struggle to produce consumer goods locally has been very successful, but in the meantime, the capital goods sector has lagged. Imports of machinery and equipment have increased, but the government has not been able to keep up a major industry. Yet today, Brazil has the eighth largest motor industry in the world, producing about 1.2 million cars a year. In similar fashion, Brazilian manufacturers produce 1.2 million refrigerators a year, and so on. More than anything else, the government is paying attention to the capital goods sector. In the last import drive, it has imported machinery and equipment worth \$1.2 billion. Since then, the government has pledged heavy resources into the so-called second phase of import substitution. As these investments inevitably take time to show results, a situation grew considerably worse as it started to improve with machinery and equipment imports peaking at a striking \$3.5 billion in 1975. Since then, they have slowly dropped, and should total about \$2 billion this year.

Turnover
The vigorous growth with government assistance secured in the turnover of machinery and equipment sales in real terms grew 14 per cent in 1973, 14 per cent in 1974 and 22 per cent in 1975. Local manufacturers are supplying a much larger portion of industrial equipment. In the third stage of the expansion plan, which is beginning now, Brazilian manufacturers will be supplying 65 per cent of the equipment; their share was only 25 per cent four years ago in the second stage. Now Brazilian companies are winning 80 per cent of the equipment orders (with their share increasing to 87 per cent from 55 per cent during the same period last year) will by no means compensate for the absolute drop in business. The manufacturers are going to have serious problems faced by the sector. The foreign debt dilemma is an excessive number of companies producing the same sort of equipment according to Roberto Lima, a director of the power BNDE (National Economic Development Bank). "Nowhere in the world are there so many manufacturers competing for the same branch of the capital goods industry as in Brazil." To correct this, the Government has encouraged a consortium of European banks headed by Rothschilds.

The protest lobby from Brazilian equipment manufacturers raised such an outcry that the Government was unexpectedly forced to renegotiate part of the loan, increasing the Brazilian manufacturers' share of the equipment orders from 40 per cent to 50 per cent. Even this was considered unsatisfactory by the Brazilian companies which claimed that they could readily provide 80 per cent of the equipment. In the event, the whole polemic has turned out to be largely rhetorical, as construction work on the mill is delayed. In early October, although the international banks are believed to have voiced forceful objections, the Government diverted the first instalment of the loan (\$330 million) to national railway and road-building programmes which were in serious shortage of resources.

Exemption
Brazilian manufacturers react even more sharply when equipment imports are authorised. In a recent case, the special decree-law announced in July to exempt Petrobras, the State oil company, from the "let do similar national" thus permitting it to import equipment even if an equivalent product could be manufactured in Brazil. General Araken de Oliveira, president of Petrobras, maintained that the exemption had been granted with the country's overall interests at heart. The main objective was to speed up oil drilling in the bay of Campos. "About 45,000 barrels of oil a day—\$600,000—will be wasted if we don't import the equipment we need to start production," he commented. Other officials at Petrobras were much blunter in their explanations. They claimed that the failure of some Brazilian firms to deliver equipment on time had made it impossible for the company to achieve its goal of increasing oil production by 7 per cent this year. Brazilian companies reacted angrily. Their indignation was all the greater because, until then, Petrobras, coherent with its historical role as a symbol of national economic independence, had strongly detested local manufacturers, even "buying Brazilian" when other options were more economical. "Brazilian Association for the Machinery Industry" (ABIM) representative, however, pointed out that delays have occurred, but foreign firms were just as much to blame as Brazilian ones. Henrique David de Sanson, vice-president of Abdim (Brazilian Association of Basic Industries), went further: "In the early days of the car industry, wasn't the Brazilian car three times worse and three times as expensive as the imported model? If Brazil wants a national capital goods industry, it must pay the price. All the developed countries have paid it. This is what having an industrial policy means."

Recover
Castella compared Brazil unfavourably with India. "At the end of the 1950s, Brazil began an industrialisation process similar to India's. At the time, the two countries had comparable technological experiences, with Brazil moreover relatively more advanced in the capital goods sector. Twenty years later, Brazil has been invaded by foreign technology. . . . Even making a great effort, Brazilian engineering will take years to recover." It can thus be argued that, despite the impressive hurry of growth, Brazil has not come much closer to real autonomous development. The relations of dependency seem all too difficult to break. Earlier in the century, Brazil imported manufactured goods directly from the industrialized countries. After years of struggle, Brazil managed to produce these goods internally, but still remained dependent on equipment imports. Now, Brazil is beginning to manufacture the equipment inside the country, but continues dependent on imported technology.

Sue Branford
Sao Paulo Correspondent

مكاتبنا الأصيل

Telesp Telecomunicações de São Paulo S.A. The sixth biggest company in Brazil.

Brief history The general guidelines of the Brazilian telecommunication system were introduced with the creation of TELEBRAS in 1972. To rationalise the telephone service, one of the first and also the most important measure, was the transformation of hundreds of existing small companies into big key companies for each state. TELESPP born in April 12, 1973 with this aim, as the key company for São Paulo state. TELESPP acquired all the assets of Companhia Telefônica Brasileira - CTB, a company that formerly was called Telephone Company of Brazil, the first telephone company in the country, founded in 1880. Since its foundation up to today, TELESPP presents the following evolution:

1. Highlights.	April/73	June/77	%
Terminals in Service	486,858	973,209	100,00
Capital Stock - US\$ 10 ³	297,541 (*)	561,816	88,82
Number of Employees	13,711	21,505	56,84
Municipalities Served	233	535	129,61
Incorporated Companies	—	224	—
Toll Circuits	7,204 (+)	13,449	86,69
Telephones per 100 inhabitants	3,9	7,0	79,49

(*) US\$ 1,00 = Cr\$ 6,100 - April/1973
US\$ 1,00 = Cr\$ 14,350 - June/1977

(+) December/1973

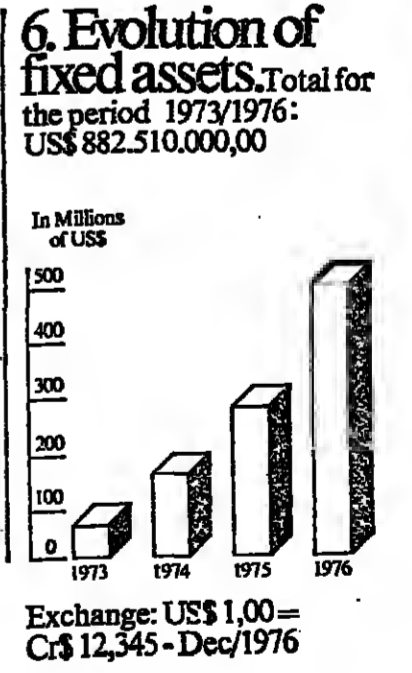
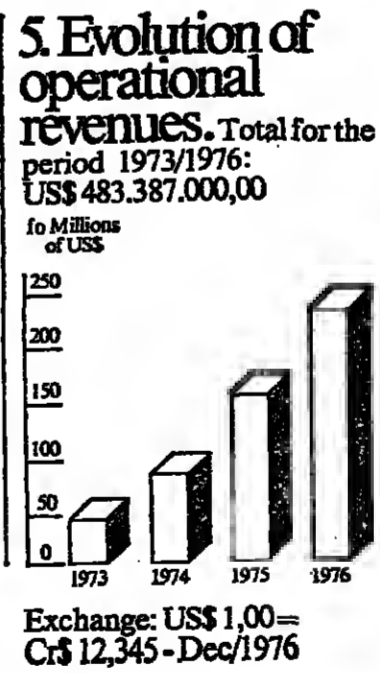
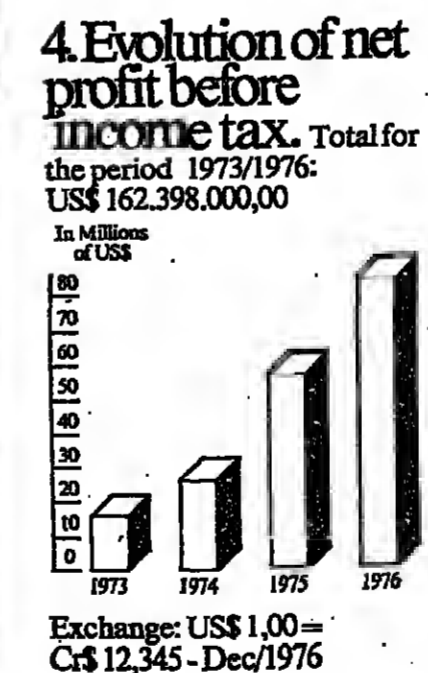
* TELECOMUNICAÇÕES DE SÃO PAULO S/A - TELESPP is one of the biggest companies in Brazil, according to the classification of Visão magazine - "Who's Who in the Brazilian Economy" (1977 edition) - ranks in sixth position.

2. Administration. TELESPP's administration is composed of the following members:
President - Antonio Salles Leite
Vice President - Carlos de Paiva Lopes
Administrative Director - Waldemar Rangel Bonfim
Financial Director - Joaquim Gilberto Calabiano
Operational Director - Levy Kaufman
Technical Director - Marco Aurélio de Almeida Rodrigues
Assistant Director - Pedro Maciel Braga

3. Capital stock composition - June/1977

	Common Stock	Preferential Stock	Total
	US\$	US\$	US\$
Telecomunicações Brasileiras S/A - TELEBRAS	202,126,012	9,579,164	211,705,176
Telecomunicações do Rio de Janeiro S/A - TELERJ	95,501,934	94,903,560	190,405,494
Emp. Bras. de Telecomunicações S/A - EMBRATEL	40,392,000	6,182	40,398,182
Users	42,428,265	42,410,921	84,839,186
Banco do Brasil; Banco do Desenvolvimento do Estado de São Paulo; Banco do Estado de São Paulo, Banco Nacional do Desenvolvimento Econômico, Caixa Econômica Federal, Governo do Estado de São Paulo, Prefeitura do Município de São Paulo, and others	28,365,621	6,102,236	34,467,857
TOTAL	408,813,832	153,002,063	561,815,895

Exchange: US\$ 1,00 = Cr\$ 14,350 - June/1977



7. Investments forecast for the period 1977/1981.

	1977	1978	1979	1980	1981
INVESTMENTS					
US\$ Millions - By year	404,3	435,4	472,9	475,6	484,9
NEW TERMINALS INSTALLED (Thousands of terminals)					
- By year	239	292	269	180	220
- Accumulated	1,324	1,616	1,885	2,065	2,285
TOLL CIRCUITS					
- Accumulated	35,177	46,665	47,566	58,027	70,527
INFRAESTRUCTURE - BY YEAR					
- Land - 1,000 m ²	260	231	225	150	107
- Buildings - 1,000 m ²	59	64	62	47	42

Exchange: US\$ 1,00 = Cr\$ 14,350 - June/1977



BRAZIL IV

Rocket site symbol of armed strength

THE PLACE is called Hell's Barrier. Lying in an empty expanse of sand dunes behind Natal, on the windy north-eastern corner of Brazil, it is a smart, whitewashed compound. Long-tailed birds pivot on the wire fence, and two donkeys graze on the grass verge outside the guarded entrance.

Inside is the Brazilian Air Force's rocket-launching site. In 1979, it will be a tracking station for the European Ariane space project, based in Cayenne, French Guiana. Recently it has been engaged in trials of the Sonda-III, a 1.8 tonne rocket made at São José dos Campos, near São Paulo. And if the other Hell's Gate is as hard to get into as this one is, then we are all in luck.

The Brazilian space programme is a fair indication of the growing military sophistication and independence of a country which earlier this year, in a quarrel with the new Carter Administration, broke off its military ties with the U.S.

Suppliers

Of the £200m. or so a year Brazil spends on military equipment, about 80 per cent goes abroad. But a growing proportion is being made in Brazil, and the armed forces have made sure of having a range of foreign suppliers.

Brazil's range of combat vehicles—the Suruz light tank, the 90mm-cannon Casavel and the Uruti amphibious armoured personnel carrier—has recently been extended by another tank, labelled the XI-AI.

In the last Government, it spent \$139m. buying 500 second-hand vehicles from the U.S. but it is now largely self-sufficient. Its tank company, Engesa, is reckoned to have a turnover of \$150m. a year.

Brazil makes its own light arms and ammunition, including Belgian-patent FN rifles, the infantry weapon, Italian-patent

Beretta light automatic weapons and mortar-bombs. Under licence from West Germany and France it manufactures Cobra anti-tank rockets and Roland ground-to-air missiles, and is finding new sources for its other equipment—for instance Italian and Swiss anti-aircraft systems.

The army, besides being the most powerful of the forces, keeps control of the Armed Forces General Staff, is also the most self-contained. The air force and navy rely to a far greater extent on foreign supplies. The air force is currently paying for a delivery of 42 U.S. F-5 fighters, and the rest of its fighter and transport commands is based on French Mirage and Hercules C-130s; but it already has over 60 locally-made Xavante fighter-trainers, produced under an Aer-Macchi licence, and 40 Brazilian Banderante light transport aircraft. A new fighter and a medium transport aircraft are on the drawing-board.

The navy is largely British-supplied, with its only aircraft-carrier, the Minas Gerais, a second-hand Vintage class vessel, and new frigates and submarines currently being delivered. But it is also to build two frigates under licence, reinforcing a growing naval yard in Rio de Janeiro.

Brazil has already broken into the arms export market, selling armoured cars in the Middle East and military aircraft in Chile, Uruguay, Paraguay, Bolivia and Togo. The recently-formed Government arms company Imbel is hoping to set up joint ventures with foreign companies, including the makers of West Germany's Leopard tank, partly with a view to export.

This increasing self-dependence explains the ease with which Brazil, handed a human rights report it considered meddling and already fed up with White House opposition to its nuclear plans, struggled off a quarter-century of close U.S. co-operation. A bilateral pact, which had grown up after the Second World War, when Brazil, alone among Latin American countries, sent a division to fight under the Americans in Italy, went by the wayside along with military aid—a mere drop of \$50m. in Brazil's \$2bn. defence budget.

This was despite the importance which U.S. connections have held in the post-war Brazilian Army. General Geisel himself spent a period at Fort Leavenworth, and the man he picked for his own Army Minister last month, Gen. Fernando Belfort Bethlem, was a liaison officer in the Brazilian Expeditionary Force and holds a U.S. decoration.

Who are the Brazilian armed forces? Although they are the most powerful in Latin America, with manpower of about 250,000—enough to cope

with Bolivia, Paraguay, Peru, Colombia and Venezuela in the unlikely event of having to fight on all those remote frontiers at the same time—they are relatively compact in relation to Brazil's size and population, and defence spending is no more than 2 per cent of gross domestic product. They are built up through a selective national service system and a core of 20,000 career officers, not highly paid, a fair proportion sons of military families.

The brain-centre of the military, and the political powerbase of recent years, is the Superior War School. Founded in 1949, the year the Soviet Union exploded its first atomic bomb, it was identified from the first with anti-communist positions, based on the ideas of Brazil's future as a "Great Power" and the role



The Niteroi, one of four 3,500-ton Vosper Thornycroft Mark 10 frigates in service with the Brazilian Navy

of the armed forces in overseeing the country's development, and ensuring the army's right to intervene in that development.

Frequented also by civilians, the War School is described by General Augusto Fragozo, a member of the Supreme Military Tribunal, as "one of the principal factors" behind the 1964 army coup. Its over-

riding concern with the threat of revolutionary action within Brazil's borders is shown up in Army Information Centre, a change in the 1967 Constitution, which dispenses with the term "national security" and uses the process of being "sealed down" as an indication that the army considers its mission successful.

But if there is no effective guerrilla threat, where is the military together in power? General Geisel's sacking last month of his Army Minister, General Sylvio Frota, gave clear evidence of the divisions and rivalries that have arisen within the power structure.

Never before has a Brazilian President sacked his Army Minister and survived long enough to take a declaration of military emergency, abandoning the anti-Communist cause, and attacking Cuba, China, students, the Press, subversives in government, state capitalism, and the betrayal of South Africa.

This kind of rhetoric undoubtedly has a strong appeal to Brazilian military palates. But there is also clearly a large body which might 10 years ago

have gone along with General Geisel's sacking of his Army Minister and survived long enough to take a declaration of military emergency, abandoning the anti-Communist cause, and attacking Cuba, China, students, the Press, subversives in government, state capitalism, and the betrayal of South Africa.

Colonel Ruy Castro, an Air Minister and a retired officer, considers the 1964 movement, warned members of the military Command that "the extension of political power, or having abandoned the anti-Communist cause, and attacking Cuba, China, students, the Press, subversives in government, state capitalism, and the betrayal of South Africa."

What is impossible to perceive, after 13 years, however, after 13 years, power and its consolidation, a fighting force, is whether the army will be prepared to relinquish its hold on power.

Stalemate in coffee bargaining

IT IS OVER two years since a few chilly nights, such as would pass unnoticed in England around this time of year, wiped out Brazil's main patch of coffee bushes, cut a quarter off the amount of coffee that was to be produced in the world the following year and prompted a tenfold increase in prices. The coffee business has not stopped reeling.

When the London price passed £4,000 a ton earlier in the year, something had to give. Consumers' boycott campaigns began to bite—after all, even Brazilian housewives are hard put to fork out £2.25 for a kilo of ground coffee—and buyers decided coffee was overvalued. Brazil, which since May has stuck obstinately to a minimum export price of \$3.20 a pound, saw prices fall to half that level and business in its main coffee port of Santos came to a standstill.

The Brazilian authorities, which had ridden high on the boom, fought hard to keep it going.

In came Interbrás, a trading company belonging to the state-controlled Petrobras oil group. Brazil had been hoping to rope

in \$4bn. from coffee and pay off its oil bill with it. Now Petrobras, which buys all the oil, was starting to buy coffee as well.

Interbrás did not manage to convince everybody that it was buying the coffee—perhaps over 1m. bags—because it was a good deal at the time, or that Brazil was in need of it to blend into locally-made instant brands.

At any rate, if it was a speculative manoeuvre, it was scuttled by other rumours, from older hands in the business, that it would soon be selling it all.

This stalemate is one which nobody except the Brazilian Coffee Institute (IBC) seems to think is safe. The official export price, \$422.40 per 60-kilo bag, is still about twice what people are paying. The IBC has meanwhile added another \$60 lump to its export levy, bringing it to a record \$220 per bag. A year ago the export level was around \$40.

In the coffee-producing interior, the general belief is that the IBC is dallying again with the "special deals" system practised up to a few years ago, when Sr. Camillo Calazans took over. The special deals meant that Brazil sold coffee over the counter at a declared price and refunded the client under the counter, with no client knowing how much discount the other was getting.

The IBC, however, denies reports that it has already made contracts under the special deal system.

Brazil is now sitting, watching and waiting for buying interest in the coffee market to start again. It is then likely to re-peg its prices—but is not ready to go straight in at the bottom of the market.

In the euphoria that began in the last quarter of last year and continued into the first quarter of this year, the IBC seems to have done some bad sums about consumption levels, which have been hit by prices. Colombia, the number two producer, has taken stock of the threat that if prices do not give, then demand and possible the future of coffee as a popular drink will.

the whole of 1976, in which 16m. bags were sold. Exports of soluble coffee in this total actually passed last year's figure of \$225m., with sales of \$268m. in six months.

The worry now, and the main reason Brazil is not bending over backwards to sell coffee, is that stocks will run out completely. Then, if the price goes up again, if there is another frost, Brazil will have to sit on the sidelines and watch its competitors rake in the winnings.

Ten years ago, Brazil had coffee stocks of 65m. bags. Immediately after the frost it had 27m. Half way through this year it had 6.5m. of which only 1.5m. were in the hands of the IBC.

Doubt

As an olive branch to producers, the IBC has offered to buy up coffee for its stocks, and recently increased the price by 25 per cent to Cr.2,500 or \$164.50 a bag. However, the coffee farmers consider this no bait, want at least another Cr.500 increase, and want the IBC to cut its export levy by half and lower its export floor price to \$2 so that they can start in business again. In the current situation, the future of many small and medium-sized coffee growers is in some doubt.

Exporters have also had a bad time. Two big ones, Leite Barreiros and Bracaife, have collapsed, and the IBC is hounding about 20 more who have made "cold sales"—fictitious deals registered in order to borrow bank money against them—amounting to 300,000 bags. Small exporters have come under a Government axe which stipulates minimum levels of capital and trading volume for them to operate.

The boom brought coffee back into fashion, but the gold-rush atmosphere (in two days in February Brazil is reported to have sold \$350m. worth, more than half the value of total coffee exports in 1974) has rapidly dissipated. Farmers planted enthusiastically after the 1975 frost, which destroyed nearly all Paraná's coffee and a lot more besides, but the Government has called a halt to its replanting programme. It aimed at 350m. new bushes and there are reckoned to be 400m. The target of 130m. in Paraná was reached before schedule.

Emphasis is now being put on planting coffee where it is safe from frost, so as to stop playing Russian roulette with the world market. Plans have been mooted to plant 20m. bushes of robusta coffee in the Amazon, and Minas Gerais is growing in importance as a producer—of this year's estimated 15.5m. bags, Minas Gerais' share was 4.6m., second only to São Paulo's 7m., with Paraná, traditionally the biggest, putting in a brave 1.8m.

It is now spring in Brazil, and flowerings so far promise a good harvest next year. Brazil expects to get back to producing 20m. bags and more a year, after seeing its crop knocked down to 6m. bags in 1976. Perhaps after three years it will be producing crops of 28m. bags. But Brazil has expanded its other farming interests such as soy and the days of the late 1950s, when the Brazilian coffee crop touched its record of 44m. bags, which to-day would account for most of the world market, are gone for good.

But in the first half of this year Brazil had already sold 8.4m. bags of coffee, earning \$2.15bn. in export revenue, close to the record \$2.4bn. for

Habit

Sr. Calazans maintains that Brazil's price policy is "not improvised nor incoherent." If people want cheap coffee, he says, "then they can go and buy it in Colombia." He is confident that people in Europe and the U.S. will not drop the coffee habit so easily. Moreover, the IBC considers that Brazil could probably double its own domestic market. The second largest after the U.S. market, it has in the past reached nearly 9m. bags a year, but has now been brought down to 6m.

Domestic prices have been frozen in the interest of the Government's inflation index, and measures taken to ensure that it is kept applied. Exporters have to place one bag of coffee in Brazil for every two they ship abroad, and the poorer coffee, types 7 and 8, is reserved for home use. But these measures, which limit the amount free for export, have also failed to do much to world prices.

But in the first half of this year Brazil had already sold 8.4m. bags of coffee, earning \$2.15bn. in export revenue, close to the record \$2.4bn. for

BRAZIL as the Largest Sugar Cane Producer

The Brazilian sugar cane crop in 1977/78 (beginning in June and ending in May) is expected to reach 8.5 million tonnes of sugar, raw value. This will be the largest volume of sugar ever produced in one crop. This total is possible because of the investment of over US\$1 billion made since 1972 in both the growth and production processes.

In the growth sector the genetic aspects were developed, thus creating new varieties of sugar cane with a higher degree of sucrose and a high resistance to disease and pests. It has also been possible to modernise the old plantation methods and therefore work on the sugar cane fields is progressively being taken over by technology. It is worth noting that sugar cane plantations are also the main consumers of fertilizers in the country.

The old factories have disappeared completely, and given way to modern and efficient installations. The new image of the Brazilian Sugar industry is composed of factories with average crushing capacity that varies between 3,000 and 16,000 tonnes of sugar cane every 24 hours. The Brazilian Sugar Industry is able to produce 9.5 million tonnes of sugar in 150 working days.

By next January the maritime Terminal of Macaé (Alagoas State) will be completed with storage capacity of 200,000 tonnes of sugar, and shipment capacity of 1,000 tonnes of sugar per hour. The port installations of sugar cane regions are capable of shipping 300,000 tonnes of sugar per month to the world market.

To further increase the storage capacity a Terminal will be constructed in the Port of Santos (São Paulo State) capable of stocking 400,000 tonnes and shipping 2,000 tonnes of sugar per hour.

ALCOHOL AS FUEL

Proving once more its versatility and power of adaptation, the Brazilian Industry for the 1977/78 crop, intends to reduce the volume of sugar to be supplied to the world market, in order to prevent greater deterioration of prices. It has decided to process the equivalent of 900,000 tonnes of raw sugar with 96% polarisation into alcohol. This alcohol is being mixed with petrol for motor vehicle usage and is also used as a base product in the petrochemical industry, being almost totally produced by distilleries attached to sugar factories.

By the next crop a significant number of autonomous distilleries will be constructed under the auspices of the National Alcohol Policy.

At the present time, in the State of São Paulo, cars, lorries and other petrol consuming vehicles are using a fuel mixture of 80 per cent petrol and 20 per cent sugar cane alcohol. This is an experiment that Brazil has undertaken in its research for alternatives to the problems created by high petroleum prices.

CONSUMPTION AND EXPORTATION

Brazil, with more than 110 million inhabitants, has a per capita sugar consumption of 46.220 kg. raw value. The Brazilian domestic market in 1976 absorbed 5.1 million tonnes of sugar. Demand for the current year is estimated at 5.35 million tonnes of which the food industry accounts for a little over 20 per cent of the total.

Brazilian Sugar exports after reaching their peak of almost 3.0 million tonnes in 1973, started to decline, as a result of unfavourable weather conditions. In 1977, however, exports are increasing and their total should reach around 2.2 million tonnes, almost 1.0 million over the figure for 1976.

Brazil has participated actively in the recent negotiations that resulted in a new International Sugar Agreement, expected to be effective from 1st January 1978. According to the new agreement Brazil was allocated the basic export tonnage of 2,350 thousand metric tonnes, which is lower than its capacity but which Brazil accepted in its endeavours to co-operate in the international field of price stabilisation.

INSTITUTE OF SUGAR AND ALCOHOL

The production of sugar and alcohol as well as all the domestic distribution is in the hands of private enterprise. The Institute of Sugar and Alcohol, an official body of the Ministry of Industry and Commerce, is responsible for the planning and execution of the economic policy of the sugar industry including technical and financial assistance to sugar producers. In addition to that the Institute of Sugar and Alcohol is also responsible for exports to the world market through its Exportation Division. All enquiries of a commercial nature should be submitted to this Division at:

FRAÇA 15 DE NOVENBRO, 42 4TH FLOOR, RIO DE JANEIRO, (BRAZIL). TEL: 231 3370 - TELEX: (38) 2123315

The Institute of Sugar and Alcohol has an office in London acting as a permanent representative of Brazil at the International Sugar Organisation and is always readily available to provide up-to-date information to all interested parties at:

32 GREEN STREET, LONDON, W1 TEL: 01-629 1884 - TELEX: 261883

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INDI - Industrial Development Institute of Minas Gerais, is a government agency, linked to the State Secretariat for Industry, Commerce and Tourism, and is supported by CEMIG, the State Electric Power Utility and FINEC, the State Development Bank.

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مكزامن الاحصل

BRAZIL V

The foreign debt

...with the... have... moral... DAY IS approaching when... will be able to talk about... oil rather than... The start-up of production... 200,000 in 1980... Campos, the most... out offshore finds to date... next year being an end to... decline in output... Brazil's oil wells in Bahia... dry up, production has... this year to less than... 100 barrels a day, a fall of... per cent in the total for... to September. Imports... 50,000 barrels a day... to the State-controlled... company, Petrobras, going... \$3.7bn. this year's account... for almost the whole deficit... Brazil's balance of payments... account.

...Brazil is investing extremely heavily at present in oil exploration and development—there seems at present little prospect that Brazil will be able to retreat from its traditional method of bridging the gap between foreign revenues and expenditures—arranging new loans in order to repay those which mature and, if possible, to continue to build up foreign currency reserves.

Exports

The \$1.9bn. figure for the value of coffee exports in the first half of this year alone came close to matching the \$2.2bn. figure for the whole of 1976, itself more than double the figure for the previous year. Coffee accounted for more than 30 per cent of Brazil's total exports in the first half of this year. There is no prospect of the boom in the value of coffee sales continuing and the value of other exports are not as yet showing any signs of picking up significantly. Moreover, Brazil is already having to face the prospect of protectionist moves being taken against it in some areas. While the transformation in the U.K.'s accounts in the last year has been an object lesson in the speed with which balance of payments positions can change—and an area in which

Mary Campbell

Offshore oil finds

...Terms have been eased since President Geisel first decided to lift Petrobras' exploration monopoly—a politically risky move which generated some bad feeling within the state company. Petrobras itself is sharply increasing its exploration effort, with \$1.16bn. earmarked for offshore drilling in the next four years. Promising offshore finds have been made in the northeast and Brazil's maritime wells are increasing their share of total output, now around 23 per cent overall, including development of its recent offshore finds. Petrobras plans to spend about \$3.9bn. on exploration and production by the end of 1981. It is still impossible to say if or when Brazil will become an oil exporter. But it is certain that its high degree of dependency on imported energy sources—37 per cent—will begin to be reduced next year. The oil crisis caught Brazil on the hop, when it had gone all out on developing road transport and had not put much emphasis on looking for the oil to fuel it. Between 1962 and 1972 Brazil's reliance on oil as a proportion of its energy needs increased from 28 per cent to 43 per cent. Campaigns to restrict petrol consumption, high prices, and the use of alcohol (about 10 per cent of the petrol one buys now in Rio de Janeiro is alcohol) have succeeded in reducing consumption. Petrol usage, according to the National Petroleum Council, dropped 3.9 per cent in the first nine months of this year. The Government has set its sights on using alcohol to fill 20 per cent of petrol needs throughout the country in 1980, and work is being done on all-alcohol engines—but progress on developing the necessary amount of extra sugar cane or root crops to produce the fuel has so far been slow.

...have completed negotiations under Brazil's two-year-old new oil policy, which allows foreigners in on contracts where they bear the cost of exploration, loss on unsuccessful wells and get paid for successful wells, which are handed over to the State. BP has already started talks for another contract in a second batch of negotiations. These are for 25 smaller areas, mostly concentrated in the Santos region, where BP and Exxon are preparing to explore, and the area of the Amazon River, chosen by Shell and the Franco-Italian group. Fifteen companies are in the running for contracts.

Hydroelectric power

...The popular mind in Brazil should be producing almost 32 per cent of Brazilian requirements, or 8 per cent more than last year's share, while per capita should fall from the 43.8 per cent of last year to just over 37 per cent. By contrast the nuclear programme in 1986, it is estimated, will be turning out only 4 per cent of the country's energy requirements. Hydroelectricity, it is argued, is not only more economical to produce in absolute terms, it is also cheaper on foreign exchange. After decades of practice in dam building, Brazilian civil engineers have become expert and need little if any foreign assistance in their job. What is more the award of the contract for the building of the Raul Leoni Dam on the Caroni River in Venezuela to the Brazilian contractor Camargo Correira has demonstrated that local companies can win useful contracts abroad. Supporters of hydro power

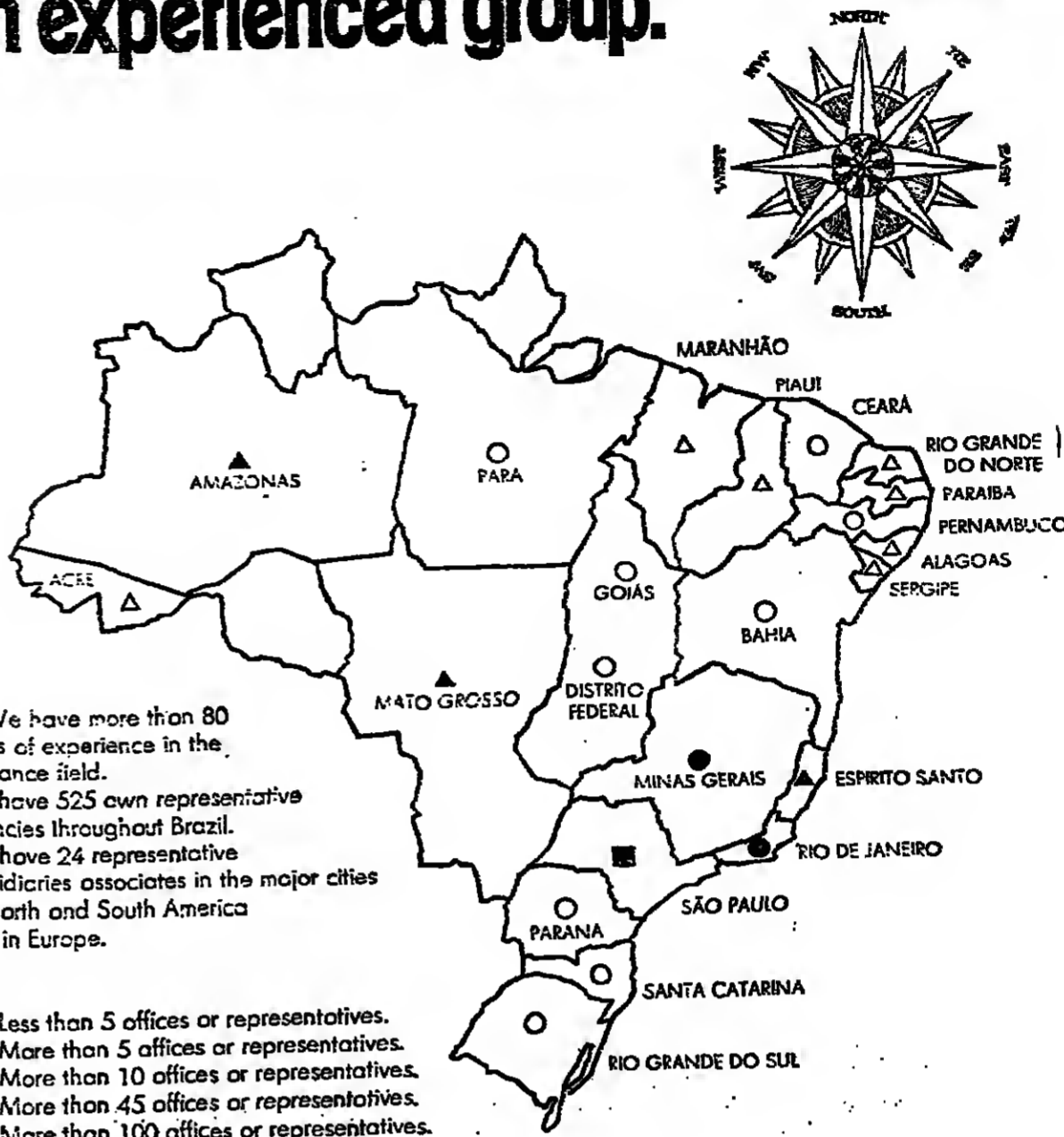
...further say that the inter-national competition to supply the turbines—which cannot so far be produced in Brazil—is such that very low prices are being quoted in the normal course of trade. In the case of Itaipu the eagerness of the Soviets to gain the order has made prices reach rock bottom. One drawback, however, does face the planners of Itaipu and that is the objections of the Argentine Government that the scheme will cause great risks or silt and flood downstream in Argentina's territory. Argentina has further said that it is going ahead with the Corpus hydro scheme on the Parana, which, if it went through, would reduce the fall of the Itaipu dam. Years of talks with the Argentines have failed to produce agreement on the problem, and the feeling in Brazil is that Argentina is never going to be satisfied and will continue to attempt to block the plan until the last Itaipu turbine has been switched on. H.O.S. D.W.

The nuclear programme

...The irony is that it is American scientists who are helping right now with the start-up of Brazil's nuclear power plans. Angra I, planned to produce 636 MW of electricity, was bought from Westinghouse and is due to be supplied with fuel from the U.S. One way or another, Brazil's nuclear programme will take longer to fulfil than was envisaged at the time of the agreement with Bonn. Angra I is behind schedule. Angra II, first set for 1982, is unlikely to be ready before 1985. Angra III, due for 1982, may be ready in 1987. People at Nuclebras, the government's nuclear agency, accept that an enrichment plant based on Germany's experimental "jet nozzle" process, is even longer-term. A report that Brazil was rushing through an agreement for the reprocessing plant, in order to thwart the U.S. before Mr. Carter arrives in Brazil, has been denied. Interim arrangements for fuel are also in doubt. Westinghouse still needs clearance from the U.S. authorities to start enriching the fuel—originating in the South Africa and processed into yellowcake in England before going to the U.S.—for Angra I.

...A preliminary agreement with the Anglo-Dutch-German consortium, to provide enriched uranium for the other reactors is being resisted by the Dutch, who object on the grounds that Brazil has not signed the nuclear non-proliferation treaty. It was Holland which vetoed, on the same grounds, the sale of Uranco's centrifuge process to Brazil in the early stages of negotiations. The fuel supply contract would be worth about \$100m. to Britain, which supports the deal. Given the enrichment facilities, Brazil has ample uranium to keep its programme going. A recent find in Ceará, North Eastern Brazil, may mean Brazil can more than double its current 26,000 tonne estimate of commercial reserves. In a publication of March this year, justifying its nuclear policy, the government made a veiled threat to the countries which are opposing its programme. It emphasised the safeguards agreement which it, West Germany and the International Atomic Energy Agency

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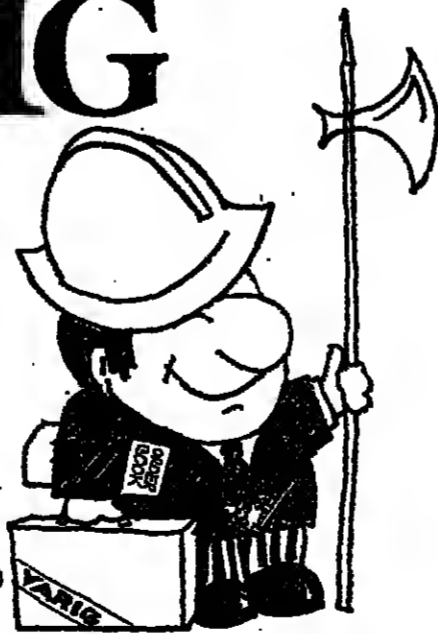
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Costly mistakes in the Amazon

"A CATTLE ranch in the Amazon is like marriage. It all goes well the first few years. And then the problems begin." Jose Carlos Villela de Andrade, a 20-stone cattle rancher, lolls back in his leather armchair, still looking uncomfortable and out-of-place in his smart office along the Avenida Paulista in São Paulo. He is commenting ruefully on his experience on his 100,000-acre ranch, called Rio Jabuti, near Paragominas in the State of Pará. He set up the ranch way back in 1966, one of the first to take advantage of the tax incentives granted by SUDAM, the Amazon Development Agency. Under this scheme companies can deduct up to 50 per cent of income tax payable if it is invested in an approved project in the Amazon region. To ensure a regular flow of tax rebates, Sr. Villela set up a 50-50 joint venture with Villares, a large São Paulo engineering group in which Chase Manhattan has a small stake.

Sr. Villela was one of the first big ranchers to arrive in this area of the Amazon. He recalls with amusement the curiosity shown by the local population of peasant farmers when he brought in the first tractor. They all collected around in astonishment when it was stationary, but ran off scared into the jungle when he revved the engine. At the time, land was absurdly cheap. They paid a symbolic price, just 10p per acre, for their huge ranch. Sr. Villela cleared the land the traditional way, slashing down the forest and then burning the dead vegetation. He carried on in much the same way as if he were farming the rich soil in southern Brazil, planting guinea grass without bothering about legumes. The first problems arose a few years later with increasing signs of soil erosion and the rapid growth of stunted bush vegetation, called "juquira". If labourers were employed on a large scale to clear away the "juquira" and fertilisers applied, the land could recuperate. "However," Sr. Villela observes, "with the present price of beef on the

world market, we just cannot afford this kind of investment." Mistakes are very costly in the Amazon. To-day Sr. Villela has left the company, and the ranch, which is going from bad to worse, has been up for sale for over a year. Unfortunately, the Jabuti ranch is not alone in its difficulties. Particularly in eastern Pará, around Paragominas, there are a large number of ranches in a similar state. Nor does the experience on the ranch way back in 1966, one of the first to take advantage of the tax incentives granted by SUDAM, the Amazon Development Agency. Under this scheme companies can deduct up to 50 per cent of income tax payable if it is invested in an approved project in the Amazon region. To ensure a regular flow of tax rebates, Sr. Villela set up a 50-50 joint venture with Villares, a large São Paulo engineering group in which Chase Manhattan has a small stake.

Provision

The government certainly has not been mean-fisted in its provision of funds. Up to now, £218m. has been banded back in tax rebates to the farmers. Not all of this money is actually invested on the ranches. As some of the managers of the ranches complain, the system is corrupt, with numerous farms just existing on paper to justify the rebate. However, over 100 large ranches are actually underway, with varying degrees of success.

The largest of the ranches is also one of the most advanced. This farm, which is situated in the north of Mato Grosso, is now controlled by the São Paulo subsidiary of the Italian company, Liquegas. The area of the ranch is an amazing 537,000 acres. Yet it only cost £5,000 when it was originally purchased in the early 1960s. When the company submitted its third project to SUDAM in 1974, it corrected this sum for inflation. Even so, it only worked out at £21,000, which averages just 4p per acre. This illustrates very vividly the very small proportion of the total investment that the price of land pays.

Under this third project, which is still in process of implementation, the ranch should break even in 1982, when the herd of cattle reaches 124,460 head. By the end of 1973, £2m. had been invested in the farm; by 1980, this should have tripled. The heaviest predicted investment, which is anticipated to absorb 44 per cent of the total investment. Next comes the formation of pastureland, 23 per cent. The actual cost of the land is only 0.03 per cent. The ranch expects to obtain 75 per cent of the total investment through the tax incentive scheme.

Volkswagen also has a large 345,000 acre ranch, further to the north. When it arrived in the region in 1974, land values had increased considerably. In its project submitted to SUDAM



Rounding up cattle in the Amazon.

in 1974, VW revealed that it paid £380,000 for the ranch, which works out at £2.50 per acre. Although this is 60 times more than was paid on the Liquegas ranch, the land cannot be considered expensive. Indeed, it is only 8.8 per cent of the planned investment of £10m. For VW too, the heaviest items are purchase of cattle (41 per cent) and formation of pastureland (21 per cent). VW plans to have 112,569 head of cattle by 1983-84. It is expecting to obtain 74 per cent of the total investment from tax incentives.

Ecology

As well as the tax rebates, which should be seen as a form of public investment, the Government has ploughed heavy resources into road-building. About £60m. was spent on the hasty construction of the 5,000 km Transamazon Highway in 1970-71. This huge project was carried out at breakneck speed. No time was allowed for adequate planning. In these conditions, ridiculous mistakes were made: draining pipes proved much too small, the same meandering river was crossed three or four times because no-one knew that it was simply a case of diverting the road a few hundred yards. More recently, it has been discovered that 150 km of the road will be flooded in a few years' time when the Tucuruí hydroelectric power station is constructed. This will lead to considerable reconstruction, which would have been avoided if the different ministries had co-ordinated their activities. Even at the time, the excessive haste was evident. Jorge Babot Miranda, then president of the Banco de Amazônia, commented in 1971: "If an economic viability study was carried out to see if the Transamazon road is the right option, we should see that it is not. The road is clearly a political decision."

However, here too problems arise, as many farmers are using powerful herbicides, including orange agent, to clear away the "juquira" that springs up after the initial clearing. And these herbicides, which do not affect guinea grass, kill off all broad-leaved plants, including legumes. And no one knows how long these herbicides remain effective in the soil. It may be three years, or five, or ten.

However, these mistakes are insignificant when compared with the permanent ecological damage that may be occurring with the indiscriminate cutting down of the jungle. Every schoolchild has heard of the luxuriant Amazonian rain forest, where trees grow up to 100 feet high. What is less well known is the fact that the lush vegetation is the result of a complex interchange by which limited amounts of nutrients are recycled within the ecosystem. About three-quarters of the Amazonian jungle is covering acidic, sterile soils. These readily become hard and brittle (laterite) when bared and exposed to long hours of sunshine. The delicate balance is respected by the Indians, who live by hunting, collecting forest products and replanting root plants, such as cassava and sweet potato.

With the cutting down of the jungle, the new settlers are eliminating the native root plants and attempting to establish simpler, more intensive ecosystems. The new systems, whether based on grass seed for cattle-rearing or food crops such as rice, beans and maize, planted by the peasant farmers, take many more proteins out of the soil. At the very least, if the fertility is to be maintained, the grass seed must be sown with legumes that capture nitrogen from the air, thus fixing it in the soil.

There are also a few IBDF (the Brazilian Institute for Forest Development) ranches and paid attention to ecological problems in the past few months. SUDAM finally became aware—and is being scared—of the ecological problems of the ranches are great agency, which approve cattle projects in a crumpled fashion in a few days, is now turning nearly all new requests also set up a committee to study the devastation of the cattle ranches in Pará, with the help of transmitted by the satellite.

However, the new almost unwittingly motivated by the Gover recent development policy difficult to halt. Vigorous effective measures to be taken urgently if the present is not to turn into a desert.

And time is running out.

Museum of money

"THERE ARE people with guos at the door so passers-by are put off and we don't get as many visitors as we should." Sr. Edgar Moura Soares, keeper of the Central Bank museum in Rio de Janeiro, is right to be careful about the security arrangements. He has in his charge two of the most visually rewarding rooms in the city, the Museu de Valores, and they are not as well known as they deserve to be. In a score or two of display cases he has examples of virtually every coin, note or other token which has served as currency in the four and a half centuries of Brazil's existence.

While Mexico, Peru and Bolivia with their enormous quantities of silver played a more important part than Brazil ever did in providing the world with coins in colonial times, none of those countries can rival the variety of currency used in Brazil and carefully hoarded and displayed in Sr. Soares' museum.

The African origin of much of Brazil's population is remembered in the little pile of cowrie shells he has as one of his first exhibits, testimony to the fact that the slaves brought over to the plantations of north-east Brazil had more faith in the natural currency that they had

known on the Guinea coast than in the metallic discs used by their masters. Two square pieces, the first in silver, the second in gold, are shown at the first coin to bear the word Brazil. They were struck out at the command of the Portuguese king in Lisbon but on the orders of the Dutch who in the mid-17th century had gained a foothold in the north-east and who had the course of history flowed differently, would have put an end to Portuguese rule.

Coinage

The museum also contains the products of the first mints set up by the Portuguese in Brazil to refine and coin local metals. The Bahia mint was set up in 1694, to be followed shortly after by establishments in Rio de Janeiro and Pernambuco.

Brazil was never able to compete in the production of precious metals with the colonies of Spain, and it was only to be expected that much of the currency circulating in Brazil was Spanish pieces, revaluated for common use in Brazil with Portuguese royal arms stamped on with a punch on silver coins from Potosí, Lima or elsewhere restruct with Portuguese motifs.

The first currency notes, like the first coin bearing the word Brazil, were due to the Dutch. Issued in 1640 in the face of the threat of attack from a Spanish fleet, paper money came back in the 18th century in the form of receipts for gold dust from the working of Minas Gerais and other mining centres, but the first systemised use of paper currency—one that doubtless would have rejoiced the heart of HM Commissioners of Inland Revenue—had been there at the time—came in 1808. In that year Gold Tax-Exchange Certificates, already printed, went into circulation and were accepted for payments due to the Royal Treasury.

The same year saw the setting up of the Banco de Brasil, which was to issue notes from then until 1923. Of these notes and of the stream of coins which were issued in the time of the Brazilian Empire and the republic which replaced it in 1889, the museum has plentiful samples. Sr. Soares can show, for example, the first coins of Dom Pedro I, the member of the Portuguese royal house who declared himself emperor of Brazil in 1822 and who had Portuguese coins in circulation stamped with his own coat of arms and branches of tobacco

and coffee in common of his coronation. Among the modern notes the museum are the first proofs, which were in for the present very in set of banknotes while in existence after the Bank was set up in 1914. The old cruzeiro replaced new cruzeiro worth 200 old units. Unlike cruzeiros which were printed by British or U.S. printers, the new cruzeiro printed in Brazil. The present showcase also displays the most collection of the B decorations and medals. These include medals Portuguese decorations in colonial times to of Brazil and the Cavendish awarded by John VI, who took part in the war against the French in 1808. French, Guiana, Empire which was instituted in 1822 produced a series of medals, but the medals of 100 milreis, 5 milreis and 13 grand of the Order of Dom Pedro created by celebration of the Empire, was never

مكتبة جامعة القاهرة

Racial equality still a long way off

ALMOST any Brazilian and whites and Indians and at the race problem, and he whites rarely inter-married, assume you are talking but they produced children, and at Southern Africa of the white families took to the paternalistic habit (which has not out of every five people are died out) of adopting the illegitimate or mulatto, as the except-mate children of their maid in a world of racial discord servants.

Two key figures in Brazilian are—the 18th-century leprosa sculptor known as Aleijadinho, and the 18th century novelist Machado de Assis—were both mulattos.

Brazil now has the largest mixed-race population in the world. One of the problems in looking at its race situation is that it does not divide neatly into white and black groups.

Officially, discrimination has been outlawed since abolition; nobody has ever seen a "Whites Only" notice in Brazil, and a recent spate of wall-bannings in Rio de Janeiro supporting apartheid in South Africa are treated as jokes; there have never been racist lynch-mobs.

But for all this, Brazil is a country where whites dominate. For a long time the majority was black, but in this century the proportion of whites has increased to more than half, boosted by the influx of Europeans to the fertile southern farmlands. In 1890, Brazil was reckoned to be 41 per cent white, 41 per cent mulatto and 15 per cent black. In 1950, whites accounted for 62 per cent, mulattos 27 per cent, and blacks 11 per cent. (Indians being a tiny and declining minority).

The most recent census dropped the racial classification partly on the grounds that people's definition of their own colour as white, black, brown or yellow was unreliable. Probably

Joachim Nabuco with his judgment that "(Brazil's) system of absolute equality opened, without doubt, a better future for the black race than was its horizon in North America?"

Brazil's division is less racial than economic. It has a rigid system of classes, where people at the bottom do not climb to the top, unless they are enterprisers or footballers. This applies to white as well as black, but the majority of those at the bottom are black or mulatto—two thirds, for instance of Rio's favela population. The black footballer Pelé, who is married to a white woman, has said with some accuracy that "where a rich white man goes, a rich black man can go too. Where a poor black man cannot go, a poor white cannot go either."

Brazilian mothers prefer their daughters to marry someone darker, because the economic and social scale is pale at the top and dark at the bottom. Brazil has only recently aimed at black consumers portraying a black couple going to a bank. Usually the advertising business only features blacks as maids.

It is possible to see Brazil as being in a pre-confrontation stage and to envisage a future conflict when more blacks begin to seek better-paid jobs. But Brazil's racial background, its style of colonisation, its structure and attitudes are so different from those of the U.S. that it would be perilous to chart its future on the basis of what happened there. One of the two biggest slave societies of modern history, Brazil's recovery from the jolt of abolition has been bad in the economic sense but very much smoother in the racial sense. It is a complex and in many ways insurmountable country, with on the one hand a scale of inequality that would have provoked eruptions anywhere else, and on the other hand a rare habit of tolerance.

It is also difficult to identify a separate black culture, since many elements of the cultures brought in the slave-ships from present-day Nigeria and Angola have been absorbed by Brazilian society as a whole. It is not just a question of blacks and whites dancing samba together in the carnival. White musicians belong to the same mixed tradition as black musicians. White people attend Afro-Brazilian religious cults, where they pay African gods who double-up as Christian saints—and go into the same trances.

A number of African expressions form part of the Brazilian idiom. And the words "nego" and "nega"—masculine and feminine corruptions of the word "negro" and only translatable as something like "dark"—are used as terms of endearment, to black and white alike.

Prejudice

The degree of prejudice varies greatly between regions. In an inverse pattern to the U.S., it is greatest where blacks make the smallest minority, in the south, and there are periodic racial incidents where blacks come up against bar-owners or examination boards; these are loudly stamped down on by the government, which has become equally loud in its repudiation of racial divisions in other countries.

Bahia, blacker than Mississippi, with whites counting for less than a third, is more integrated than any other region. São Paulo shows more evidence of prejudice than Rio de Janeiro. Where, then, does this leave the 19th century abolitionist

Farmers exploit the Savanna

PERHAPS ONE DAY it will be Brazil's Middle West. Between the Atlantic states and the Amazon forest stretches an area savanna about one-fifth the size of the U.S. It is through its no-man's land you pass on your bus route to Brasília: a country of untidy scrub, stunted ceca and changing colours, at the least known about part of Brazil. Most Brazilians know it only because of the fox-horned flowers which people bring back from visits to the pital.

But Brazil is beginning to discover that the savanna can be farmed, and if the remaining chical problems can be overcome it will radically alter Brazil's future as a food producer.

The savanna is 245m. acres land. This is almost 41 per cent of the total area currently under cultivation each year in Brazil, 100m. acres which have ready put Brazil in a position to become the world's second most important food exporter and to enter into competition with U.S. farm products.

Including patches in Colombia, Venezuela and Guyana, with America is reckoned to have 270m. acres of farmable savanna, more than in tropical Africa or Asia and about 5 per cent of all the unused, potentially arable land left on earth.

The Brazilian savanna, mostly concentrated in the central states of Minas Gerais, Goiás and Mato Grosso, is an area of 100 million acres, of whom about 3m. live in towns. Traditional farming is mainly limited to small-scale cattle breeding and plant rice.

Office

Big farmers are already moving into the richer lands of the region in Mato Grosso and the north of Minas Gerais, moving from the southern states here Brazilian agriculture has been centred ever since the first coffee boom.

The first soya and wheat harvests have been brought in, and wheat yields on irrigated land prove consistently better than in the best areas of Rio Grande do Sul. Government researchers have found average yields of 2 tonnes per hectare, compared with a maximum of 1.2 tonnes in the south, even in the first stages—a contrast with Brazil's usual pattern of agricultural expansion, which has been by area rather than by productivity.

Irrigated rice is expected to reduce two and a half harvests a year. Above all, the gentle slopes and the nature of the



A farmer at work in the savanna.

soil make mechanised farming easy. The ground can be tilled even in the dry seasons and is never impassably wet. And larger areas can be farmed than in the Amazon, because the savanna has a less fragile ecological system; in the Amazon big areas have to be kept under forest cover in order to preserve the rain cycle.

But soil and conditions within the savanna vary greatly and require detailed research. The terrain breaks down into four basic kinds, tree-scattered scrub, which covers about 60 per cent of the territory, patches of taller trees, linings of thick forest along river banks and higher regions which are bare except for an unusable species of dry grass.

About 20 miles outside Brasília, a group of scientists is running an impressively-organised experimental farm of 6,400 acres. New and traditional crops are being tried in a variety of conditions, and irrigated pastures turning the savanna into a lush yellow-green. Wheat has just been harvested, and there is oats, barley and sorghum. Coffee trees are thriving; in the north of Minas Gerais, the first savanna coffee crop is already due next year. The research unit is also trying several hundred varieties of manioc, a staple root plant which has gained a new importance as a source of alcohol for mixing with petrol. Cotton and citrus fruits are being cultivated alongside rubber trees and more on less everything else except tobacco and above all water shortages with a break in the

"We have not had any crop that has not produced encouraging results," says Sr. Elmar Wagner, head of the Savanna Agricultural Research Centre (CPAC).

The centre was launched two years ago and is now outgrowing its original installations. About £1.7m. is being spent this year and the budget has applied for double that budget in 1978.

It is also getting 500,000-worth of equipment and some extra technicians from the Japanese, who are going in on a £40m. farming scheme with the National Economic Development Bank. The joint farm is due to cover a small matter of 223,550 acres.

Tobacco

Souza Cruz the Brazilian BAT subsidiary is also collaborating with the centre on the possibility of a major tobacco plantation. Other big fish are moving independently into the region. One farmer near Brasília has 108,200 acres; another has 148,250 acres. According to Sr. Wagner, nine tenths of farms being set up are more than 500 acres.

The problem of farming in the savanna is the high level of initial investment needed on fertilisers and irrigation in order to make crops worthwhile. The scrubland's drawbacks are high phosphorus fixation, which means that a lot of fertiliser has to go in before it begins to benefit crops. nutrient deficiency, aluminium toxicity and above all water shortages with a break in the

October-to-April rainy season which makes rice production precarious.

Experiments are aimed at developing technology as close as possible to that already used by ordinary farmers trying new crop sequences to improve on the traditional pattern of rice one year, rice the next year and pasture the year after.

The Federal Government has a finance programme aimed at developing the region around Brasília, which started at the same time as the research centre and means that some local farmers, at least, will be able to find themselves a place alongside the big and frequently foreign interests.

Sr. Wagner says that despite the high start-up cost, crops have proved economic after the first year. With lower expenditure on fertiliser and so forth, they take several years to become lucrative.

Transport is a high cost factor, since equipment has to be carried in and crops out by road; there is no railway and petrol is expensive.

Development so far has been mainly limited to the parts of the savanna closest to the southern marketing networks and consumer centres. There are some 50 projects planned around Unai in northern Minas Gerais. In 1975 it was planned to open up 670,000 acres; the actual figure was twice as much. The current scheme to expand savanna farming by 1m. hectares or 2.47m. acres a year is so far going to schedule.

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Shareholders:—

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- Bank of America Group
- The Dai-ichi Kangyo Bank, Limited
- Deutsche Bank A.G.
- Union Bank of Switzerland

EB European Brazilian Bank Limited

Bucklersbury House, 11 Walbrook, London, EC4N 8HP. Telephone: 01-236 1066. Telex: 887012/3. Representative Office in Brazil: Av. Rio Branco 115, 7º andar, Rio de Janeiro. Tel: 263-7937, 263-7997, 232-2740, Telex: 2122825.

COMPANY NEWS + COMMENT

ISSUE NEWS AND COMMENT

Lucas £21m. ahead—to spend £125m.

SALES FOR the year to July 31, 1977 by Lucas Industries expanded from £719.2m. to £838.07m. and pre-tax profits advanced from £25.84m. to a record £77.28m. after £34.87m. against £21.04m. for the first half.

Full year earnings are shown to be ahead from 36.27p to 39.14p per £1 share and the dividend is lifted from 7.38p to 8.22p net with a final 6.088p.

Mr. Bernard Scott, the chairman, says that the £100m. expenditure programme has been successfully carried through involving £80m. in new capital and £20m. from revenue.

It is intended to spend a further £125m. in the current year on the group's factories and facilities with £60m. from revenue. The chairman reports that £100m. will be spent in the U.K. where we are determined to maintain our factories at the standard required to ensure our ability to compete in world markets. There will also be a further investment in the factories of overseas associated companies of which the Lucas share will be £12m.

U.K. sales increased from £497.5m. to £611.2m. and overseas sales from £221.5m. to £274.8m. Lucas share of overseas associates' sales came to a further £50m.

Direct exports rose by £28m. to £140m. In addition indirect exports of components are estimated at £150m. The combined result is that two-thirds of all Lucas business is overseas.

5,000 new jobs

Of pre-tax profits £57.1m. was earned in the U.K. and £20.2m. overseas. Mr. Scott states that five thousand new jobs were created in the U.K. during the year. The profits increase is a continuation of the trend to bring the profits up to a level which is keeping with the size of the investment in the business. The higher U.K. profits have been derived mainly from better performance but also reflect the benefits of the £43m. additional capital raised from the shareholders in May 1976.

The improved results have been achieved during the difficult economic conditions which have prevailed in the U.K. The high rate of inflation has brought great pressure on living standards and has led to industrial unrest but the majority of Lucas factories have been working normally throughout the year and this has been an important factor in achieving the results.

The principal U.K. subsidiaries, which manufacture vehicle electrical, diesel engine, braking equipment and batteries, all contributed to the improved performance. The diesel fuel injection equipment business continues to suffer stress and the recent large investment in more and improved facilities is beginning to bear fruit.

A notable success was the securing of an important contract

HIGHLIGHTS

Lucas reports good results for the year to July but the market is now concerned about the impact of labour unrest in the current year and the company has already endured a lengthy strike by toolmakers. Coral Group is making a £5m. rights issue while profits are well ahead after 38 weeks and the dividend has been increased by 50 per cent. Lex also discusses the bid by Phillips for Electronic Rentals and the Swan Hunter accounts which reveal the company's plans to distribute part of the nationalisation proceeds to shareholders. Capper-Neill profits after six months are 36 per cent. higher but there are doubts about prospects in the current half, while M.Y. Dart has produced profits in line with the rights issue forecast.

to supply equipment to Volkswagen in West Germany. In addition, the group has proceeded with its investment programme in the electronics, electrical, brake and battery businesses which is also contributing to the better performance.

Overseas, while turnover increased by 24 per cent., profits showed a small reduction. Losses to Brazil which were largely brought about by the high cost of financing import deposits imposed by the Brazilian Government just when the group was importing heavily to expand its new diesel fuel injection equipment factory. The businesses in both Australia and South Africa also suffered from poor economic conditions.

The aircraft equipment business is passing through a difficult period. While turnover was the same there was a reduction in volume terms reflecting the phase of low activity in the industry.

The industrial equipment business continued the good progress made in the last few years. Cash at bank and in hand at July 31 stood at £47.94m. (£60.80m.) and bank overdrafts and short-term loans at £43.32m. (£39.35m.).

1976-77 1975-76

External sales	286.87	270.29
Vehicle equip.	73.18	67.73
Industrial	91.23	80.14
Depreciation	18.82	14.38
Trade & O	20.90	25.80
Trading surplus	28.23	24.88
Vehicle equip.	15.37	15.65
Industrial	6.11	7.41
Share issues	4.77	2.52
Int. revd.	4.41	7.86
Less: int. exp.	1.74	4.48
Pre-tax profit	77.28	55.88
To minority	0.20	0.20
Overseas tax	10.73	9.29
Inc. means	0.67	0.57
Total tax	7.82	10.45
Net profit	69.46	45.43
To minority	0.14	0.14
Autotaxable	34.72	27.81
Int. prof. div.	4.01	0.10
Ret. prof. div.	0.27	0.21
Int. prof. div.	1.99	1.80
Proposed Div.	3.15	2.52
To equity holders	0.38	0.38
To reserves	58.20	24.53
Accumulated share stock valuation	1.45	1.45
Profit, includes £12.5m. (£12.5m.) of share of associate profits		

Airflow doubled midway

TAXABLE PROFIT of body engineers and vehicle dealers, Airflow Streamlines, jumped £240,000 to £156,000 in the half year ended August 31, 1977, on turnover £1.8m. higher at £3.2m.

Profit is subject to tax and retained £124,000 (£112,000) and tax paid £32,000. Interim dividend is lifted from 1.1p to 1.25p net per 25p share and an additional 0.307p is declared for 1977. A total 4.4p was paid last year.

Directors report that a high level of production was maintained in the manufacturing division in the half, with a satisfactory result produced. The motor division continued to make progress with increased sales and a satisfactory profit achieved.

British Ind. & General Investment

Record taxable revenue of £238,124 compared with £243,353 is reported by British Industries and General Investment Trust for the September 30 1977 year. At half-time revenue was ahead from £102,400 to £120,200.

After tax of £112,267 (£98,179) net revenue is £125,857 against £143,174. The final dividend of 2.5p net per 25p share takes the total payment from 5p to 3.4p.

Net asset value, fully diluted, is stated at 141p against 122p.

Credit Data back in profit

Just one year after Mr. Paul Brooks took over as chairman and managing director, Credit Data, of Manchester, which claims to be the biggest credit services com-

pany in the U.K., is back in profits after three years of losses.

Last year's pre-tax loss of £1.1m. has been turned into a profit of £23,000 for the 12 months to June 30, 1977, after an extraordinary item of £27,500 which was spent improving the voters roll service.

£0.3m. fall at Tysons so far

WITH TURNOVER clipped from £8.17m. to £5.31m., taxable profit of construction engineers Tysons (Contractors) plummeted from £377,711 to £4,094 in the six months ended June 30, 1977. But an improved result is expected for the second half.

Mr. W. J. Tyson, chairman, said in his annual report that although a revival in the country's economy may be showing there was a time lag before benefits flowed to the building industry. This lag, coupled with spending cuts, was likely to cause a shortage of work for some time resulting in severe competition.

Profit before tax of £13,450 (£173,000) and earnings per 10p share are stated at 0.41p against 2.29p last year. In 1976 taxable profit was a record £798,172 and a dividend of 2.118p was paid.

But directors say there are a number of factors likely to contribute to a lower level of profit in 1977, among which are that the company is currently engaged on a number of developments under-lying its own initiative. The profits of which will not be reflected in the financial accounts for 1977.

Also, profit take-up on contracts for clients is in accordance with the accounting policies adopted by the company whereby only two-thirds profit is reflected in the financial accounts when major contracts are sufficiently advanced for the realisation of those profits to be established with reasonable certainty. On average this normally means contracts being 90 per cent. complete. It is anticipated that there will be an improvement in the profits for the second half of the year.

Record year for London Entertainments

Theatre production and management group London Entertainments pushed taxable profit from £79,480 to a peak £98,216 in the year to August 31, 1977.

Tax takes £44,880 compared with £35,252 last time, with net profit at £53,336 against £43,936 last year. Earnings per 20p share are stated at 1.45p (£1.19p) and the dividend is stepped up from 1.15p to 1.37p.

Lake & Elliott looks to second half

First half profits for the current year are unlikely to be much changed from last year, Mr. Peter Lake, chairman of Lake and Elliott, says in the annual report and accounts. However, the second half should show significant improvement, he adds.

Orders from the coalmining industry and from the railways have already picked up and these will show through in sales in the second half. There has also been some improvement in valve orders which should show through at the same time and the period will also benefit from the end of the closure costs at Glasgow.

As reported on October 8 pre-tax profits for the year to July 31, 1977, were almost halved at £1.12m. against £2.03m. The dividend is 3.4814p (2.4385p) with a final of 2.0614p net.

Most of the U.K. subsidiaries performed well during the year, the chairman says but trading losses at Cockburn's continued and together with the trading losses incurred by all of the overseas companies, amounted to £649,000.

It became necessary to arrange for the transfer of Cockburn's main manufacturing operation from Glasgow to Huddersfield at Leeds. The CLEF Services International factory at Calais was placed on a care and maintenance basis, and the offices in Paris and Amsterdam were closed. The extraordinary losses of these operations amounted to £261,000.

At CLEF, Mr. Lake says it has become advantageous to supply hydraulic jacks to the French and European markets from the U.K. Lake and Elliott has been suffered from a lack of orders but the situation has now improved, the chairman adds. Eludes et Realisations Industrielles S.A. also had a difficult year, but goes into the current year with good orders.

A statement of source and application of funds shows a decrease in net liquid funds of £147,000 compared with an increase of £1.8m. in the year.

Meeting, Watford Hotel, WC, December 2 at noon.

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Coral raising £6m.—profits expand

Coral Leisure is proposing to raise £6m. by way of a rights issue to Ordinary shareholders. The issue will be of one new share for every eight held as at October 31, 1977, at a price of 200p per share. The shares closed 11p higher in the market at 241p.

As forecast in the chairman's statement published last April turnover and profits show a substantial improvement over those recorded for 1976. Unaudited accounts for the 38 weeks ended September 30 show profits before tax at a minority of £13.4m. compared with £7.5m. for the same period last year.

Treasury content has been advised to increase the total dividend payable for 1977, on the increased capital, to a maximum of 12p net per share. The Board intends to recommend a final dividend of 6.5p net per share, giving a yield at the issue price of 9.1 per cent.

The Board of Coral is also recommending a one-for-one scrip issue to take place after the completion of the rights issue.

In a letter to shareholders, the chairman, Mr. Nicholson Coral, says that since the last rights issue in March 1976 which raised £2.5m., the company has made rapid progress.

Group tracks at Brighton and Romford have been acquired

for a total consideration of £1.52m. in cash and shares. A squash club in the North East has been acquired and a squash court complex built in the Midlands at a total cost of £254,000.

Fourteen bingo clubs have been purchased for £2.44m. cash and Coral has entered the provincial casino market with a cash outlay of £319,000.

Most significantly in the company's development has been the £16.7m. acquisition of Centre Hotels (Granston), a leading hotel company which owns or manages 34 hotels in the U.K. and overseas and operates 24 restaurants under the Old Kentucky name.

The chairman adds that these acquisitions and developments are proving successful and that all the companies acquired are making significantly higher profits this year than in their previous comparable periods.

The pre-tax profits before interest for Centre based upon unaudited figures for the 24 weeks from April 4 to September 22 amounted to £2.52m. against £1.96m.

Meanwhile the other principal activities in bookmaking, casinos and bingo have continued to prosper.

Group tracks at Brighton and Romford have been acquired

Bath & St. Helens £5m. issues

Two corporations are making issues of redeemable stock. The City of Bath and the Metropolitan Borough of St. Helens. Both issues are of £5m. of 11p per cent. redeemable stock, 1988-1992 at 89.5p per cent.

The application lists for the two issues open on Thursday morning. The stocks are payable as to £10 per cent. on application with a £40 balance of £48 per cent. due on January 19, 1978.

Interest on the issues will be payable half-yearly on April 30

Overseas boost for Capper-Neill midway

DUE TO an expansion of group activities overseas turnover of Capper-Neill rose from £12.5m. to £26.5m. for the half year to September 30, 1977 and as a result pre-tax profits advanced from £1.5m. to £2.6m.

Although the impact on profits of the newly increased order book is unlikely to be effective before the year end, the directors expect full year profits somewhat in excess of last year's £4.2m. and a dividend of 1.25p maximum permitted.

Meanwhile the interim payment is effectively lifted from 0.9488p to 1.0341p net per 10p share. Last year's total was equal to 1.8787p net per share for the year.

Additional 0.0145p is now also declared for 1977 following the reduction in ACT.

his area. Present indications are that this may well continue for the remainder of the year.

The group's major activity remains in site construction work throughout an increasing range of processes which cover a widening area of industries and markets and growth is expected to continue.

Comment

Capper-Neill has lifted its pre-tax profits by 36 per cent. and turnover by 44 per cent. despite a drop in U.K. earnings—with British process plant suppliers complaining that tough trading conditions have been exacerbated by cut-price, subsidised EEC competition. Half-time figures include a slightly disappointing first time contribution from Glover of around £20,000 but profits have been underpinned by a further advance in overseas earnings. However, the upward trend is likely to be checked in the second half as a number of major Middle East contracts have either run-out or will very shortly do so, while the first improved results have been achieved by increased activity in overseas markets which are continuing to expand.

The anticipated upsurge in U.K. economic activity failed to materialise, however, and led to a rather disappointing result in

G. G. Kynoch returns to profit

Woolen cloth manufacturers G. G. Kynoch returned a £2.23 profit in the August 31, 1977, year compared with a £26,327 loss previously.

Losses totalling £17,200 were recorded in 1976-77, 1976-75 and £1,000 in 1975-74.

and October 31 with the payment of £3,770.18 per cent. be paid next April.

Yields at the issue, per cent. are 11.22 per cent. running and 11.54 per cent. redemption.

Comment

Brokers to both councils do Zesta and Bevan. The two stock issues by Bath and St. Helens have been fairly tightly against the market. But to some extent it is open what stocks are taken compared. If the Bath stock is taken as a guide, latest issues look definitely better. Southwick is at 11.75 per cent. to trade against 11.54 per cent. to Bath and St. Helens issues on the other hand the coupon Gramplan 104 per cent. launched in August earlier this month is offered at 11.5 per cent. yield. Bevan and Bevan has tried to put pricing of these issues some in the middle of company stocks, but in doing so it is itself little room to manoeuvre. Should the gilt market move more than half a point it issues in a serious doubt. Prospects Pages 12 and 13

VARIABLE STOCK

The rate of interest on Variable Rate Treasury 1982 payable on December 1 and equal to 63.03 per cent

Capper-Neill

Half year results confirm overseas growth

Interim Statement

The Directors of Capper-Neill Limited announce that the profit for the first half of the current year to 31st March 1978 has exceeded that earned during the corresponding period of last year. This profit was a result of increased sales achieved by the expansion of the Group's activities.

The unaudited results for the first half of the financial year ending 31st March 1978 are as follows:—

	Six months ended 30th Sept. 1977	Six months ended 30th Sept. 1976	Year ended 31st Mar. 1977
Turnover	30,501	21,251	50,524
Group Trading Profit	2,184	1,570	4,271
Interest payable	122	56	69
Group Profit before taxation	2,062	1,514	4,202
Taxation	1,127	820	2,231
Group Profit after taxation	935	694	1,971
Amount absorbed by dividends	243	216	436

The Directors have declared an Interim Dividend of 1.0541p per share which, together with the associated tax credit is equivalent to approximately 1.5971p gross. This represents an effective increase of 10% on the Gross Dividend declared at the same time last year, which after adjusting for the subsequent scrip issue amounted to 1.453p. On the same basis the total gross dividends for the year ended 31st March 1977 amounted to 2.904p.

In addition, the balance of the Final Dividend for last year, which arises as a result of the change in the basic rate of Income Tax to 34% will be paid and will amount to 0.0145p per share.

Improved results for the first half year have been achieved due to much increased activity in overseas markets which are continuing to expand.

During this first half year however, the anticipated upsurge in United Kingdom economic activity failed to materialise and this led to a rather disappointing result in this area.

Present indications are that this may well continue for the remainder of the year.

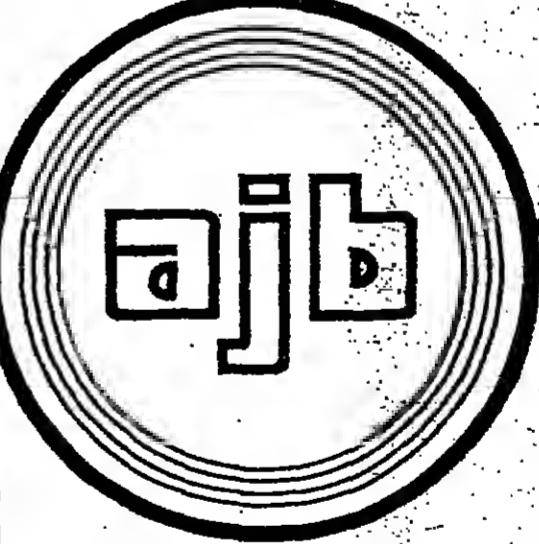
Our major activity remains in site construction work throughout an increasing range of processes which cover a widening spread of industries and markets and growth is expected to continue.

Although the impact on profits of our much increased order book is unlikely to be effective before the year end, the Group performance for the full year to 31st March 1978 is expected to produce a profit somewhat in excess of the £4.2m profit figure which was achieved during the year ended 31st March 1977.

The Directors are therefore expecting to recommend a final dividend at the maximum rate permitted under current legislation.

Warrants incorporating both dividends will be posted on 4th January 1978 to shareholders registered at the close of business on the 25th November 1977.

7th November, 1977



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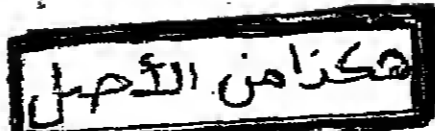
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30 The List of Applications will open at 10 a.m. on Thursday, 10th November, 1977, and close at any time thereafter on the same day.



METROPOLITAN BOROUGH OF ST. HELENS ISSUE OF £5,000,000 Metropolitan Borough of St. Helens 11 1/2 per cent. Redeemable Stock 1985

PRICE OF ISSUE £98 1/2 PER CENT. Payable as follows: £10 per cent. per cent. 15th December, 1977 £40 per cent. 15th January, 1978 £48 1/2 per cent.

Interest (less income tax) will be payable half-yearly on 30th April and 30th October. A first interest payment of £1,750,000 (less income tax) per £100 Stock will be made on 30th April, 1978.

Authorized by the Council of the Metropolitan Borough of St. Helens and issued in accordance with the Local Government Act 1972 and the Local Authority (Stocks and Bonds) Regulations 1974.

3. PURPOSE OF ISSUE - The net proceeds of the present issue of Stock will be applied to finance the Metropolitan Borough of St. Helens.

4. REDEMPTION OF STOCK - The Stock will be redeemed at par on 30th April, 1985 unless previously cancelled by purchase in the open market or by agreement with the Finance Committee.

5. REGISTRATION - The Stock which fully paid will be registered and transferable at the Metropolitan Borough of St. Helens.

6. APPLICATIONS - Applications must be made in accordance with the following conditions: Applications above £1,000 Stock and not exceeding £25,000 Stock in multiples of £500.

7. A separate cheque drawn on the United Kingdom must accompany each application form. No application will be considered unless this condition is fulfilled.

8. To the extent that the Metropolitan Borough of St. Helens is liable to pay interest on the Stock, the Metropolitan Borough of St. Helens will be liable to pay interest on the Stock.

9. STATISTICS - Details of the Metropolitan Borough of St. Helens: Population June 1976 (estimated) 184,485. Rateable Value April 1977 £11,524,000.

10. PROSPECTUSES - Prospectuses and Application Forms may be obtained from: NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ED.

11. THE TREASURER, Colour House, Handshaw Street, St. Helens, W10 1RN. By Order of the Council: R. S. LACEY, C.A., D. PENNINGTON, Treasurer.

Application Form for METROPOLITAN BOROUGH OF ST. HELENS 11 1/2 per cent. Redeemable Stock 1985 Issue of £5,000,000 Stock at £98 1/2 per cent.

To: NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ED.

I/We hereby apply for *£ of the Metropolitan Borough of St. Helens 11 1/2 per cent. Redeemable Stock, 1985, according to the conditions contained in the Prospectus.

I/We enclose the required deposit of £100 per cent. of the nominal value of the Stock to be applied for, which shall be held in trust for the Metropolitan Borough of St. Helens.

I/We enclose the required deposit of £100 per cent. of the nominal value of the Stock to be applied for, which shall be held in trust for the Metropolitan Borough of St. Helens.

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M. Y. Dart on target with peak £1.7m.

COMPARED WITH a forecast of not less than £1.65m, manufacturers of sports equipment, packaging materials and pyrotechnics M Y Dart reports taxable profits for the year to July 2, 1977, up from £1.18m to a record £1.71m.

Stohtert & Pitt confident

WHILE EXPORT business is more and more important to the future of Stohtert and Pitt it is necessary to secure a cost-effectively competitive, and expensive to finance, Sir Ralph Bateman, chairman, says in his statement with accounts.

stepped up this year from the £670,000 last year to £1m, part of which will be in connection with final stages of modernisation at its foundry.

Advance by Allied London

AFTER RISING from £300,433 to £448,957 in the first half, pre-tax profits of Allied London Properties finished the year to June 30, 1977 ahead from £31,030 to £20,528.

With tax absorbing £500,296 compared with £437,585, stated earnings advanced from 5.58p to 6.67p per 10p share and the dividend is raised from 2.485p to 2.925p.

The directors say the investment of 1.55m shares in Peachey Property Corporation will be kept under review in the light of market conditions.

A sale of the Peachey share stake would add over £300,000 to Allied's existing profits; the shares were bought at an average price of just over 51p against yesterday's market price for Peachey's shares of 74p.

Euston Centre tops £1m. midterm

PRE-TAX revenue of Euston Centre Properties jumped from £700,000 to £1,040,000 to September 30, 1977, and directors estimate the full year result will be around £2.5m, it is said.

Tax takes £865,000 (£880,000), leaving net profit at £175,000 against £330,000 previously. The company's A capital is owned by Stock Conversion and Investment Trust, and B capital by George Wimpey and Company.

AIRFIX INDS.

It was indicated in yesterday's issue that Airfix Industries was to hold a Board meeting 10-day; this was in error.

The directors report that the current year has begun well. The company has a number of developments in an advanced state of planning which will involve investment in additional plant and premises, some for new products and some designed to increase productivity.

As reported record profits of £935,000 (£833,000) were achieved in the year to July 2, 1977. In the year exports at £14.85m, accounted for 80 per cent of total turnover of £23.81m, compared with 47 per cent of £15.59m turnover in 1975-76.

With cranes and deck machinery, where 90 per cent of sales last year were overseas, Sir Ralph says competition has intensified. And with little sign of improvement in the depressed home market, the company must depend on its high technical reputation to maintain adequate order books.

The company intends continuing its export drive with construction equipment. Last year 60 per cent of production was exported, in light of increased competition both at home and abroad.

Significant orders have been received for the first time from the Far East for materials handling equipment and to secure continuing overseas growth its distributor network has been widened.

With paint and printing ink machinery the company has secured higher turnover for the year compared with 1976-77 due to the export business obtained.

Efforts to expand both product range and marketing capability are beginning to show results with orders in hand higher than for the past few years.

Its exports in the latest year were primarily to Asia (£10.75m), followed by Europe (£1.73m), Africa (£1.52m), South America and Australasia (£0.55m) and North America (£0.25m).

The company also in the year joined the list of Ministry of Defence approved suppliers. The Ministry represents a very important source of home market business, Sir Ralph says.

Agreements have also been reached with U.S. and Japanese companies for the marketing and manufacture of Stohtert and Pitt's design of screw pump, and it still has much of the £0.5m.

Pre-acquisition sales and profits of the 50 per cent stake in Ironclad, purchased in May 1977, in which the company a wholly owned subsidiary, are excluded. The respective figures of the 50 per cent, interest already held in 1976 are included in the 1975-76 results.

comment M.Y. Dart's first half improvement has continued in the second six months and full year profits show a 45 per cent advance. In 1976/7 profits were held back by the start-up costs of three sporting goods factories, and the depreciation, but the 1976/7 outcome - in line with the rights issue forecast - owes much to the pickup in the group's packaging interests, which accounted for 27 per cent of sales in the previous year. Here, the company has increased its market share, especially in cardboard and expanded polystyrene packaging.

But there have also been gains from sporting goods on the back of a buoyant U.K. leisure industry. Exports (40 per cent of turnover) were hit by the recession in the U.S., and this was only offset to some extent by inroads to markets of the Middle East and the EEC.

On its existing base M.Y. Dart is well set to benefit from any upturn in the consumer market through its packaging activities and it still has much of the £0.5m.

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GENERATORS EX-STOCK

Stand-by Power for Industry 50-2000 KVA Contact: TATTON ELECTRIC LTD (Established over 25 years) 501 Staines Road West Ashford, Middx. Tel: Ashford 42242 or 01-897 1346. Telex: 934321

GENERATOR FOR SALE

250 kVA Belgian ABC diesel driven complete with control cabinet and gas oil tank, £10,000 o.n.o. Excellent condition. Contact: THOMAS BLACK LTD, Haddon Works, Staveley, Derbyshire, or phone Staveley (024687) 3191.

GENERATORS 2-3000 KVA.

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RMP Rand Mines Properties Limited

(Incorporated in the Republic of South Africa) CONSOLIDATED PROFIT AND DIVIDEND Consolidated Profit

Table with 2 columns: 1977, 1976. Rows: Turnover, Profit before taxation, Less: Taxation, Profit after taxation, Less: Net profit attributable to outside shareholders in subsidiary companies, Profit after taxation attributable to shareholders of the company, Add: Surplus on sale of fixed assets and investments, Less: Dividend No. 10 of 14 1/2 cents per share (1976: 14 cents per share), Transfer to reserve, Retained surplus for the year, Number of shares issued, Earnings per share based on profit after taxation attributable to shareholders of the company.

Dividend declaration Notice is hereby given that dividend number 10 of 14 1/2 cents per share has been declared payable to shareholders registered in the share register of the company at the close of business on 28 November 1977.

The transfer books and registers of members of the company in Johannesburg and the United Kingdom will be closed from 28 November to 4 December 1977 both days inclusive. Dividend warrants will be posted on or about 13 January 1978 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 25 November 1977.

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the United Kingdom transfer secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 31 December 1977.

In terms of the South African Income Tax Act, 1962, as amended, non-resident shareholders of 25 per cent or more of the company are entitled to dividends payable to: (a) persons other than companies, not ordinarily resident nor carrying on business in South Africa, and (b) companies which are not South African companies and are not carrying on business in the Republic.

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside South Africa.

By order of the Board, C. G. STEYN, Secretary.

Transfer Secretaries: Rand Registrars Limited, 2nd Floor, Devonshire House, 49, Jorissen Street, Braamfontein, 2001 (P.O. Box 31718, Braamfontein, 2017)

Registered Office: Off Main Reef Road, Crown Mines, Johannesburg 2003. (P.O. Box 27, Crown Mines, 2025)

United Kingdom Transfer Secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 5EQ.

8 November, 1977

ENTERTAINMENT GUIDE

CC-These theatres accept certain credit cards by telephone or at the box office.

Grid of theatre listings including Opera & Ballet, Theatres, and National Theatre. Listings include plays like 'The Royal Ballet', 'The Royal Opera', 'The Royal Shakespeare Company', and 'The National Theatre'.

مکانس الترحیل

How business likes Coke

BY ART GARCIA in Los Angeles

ENTERTAINMENT companies, small but most also are regu- 17 times annual earnings while year's first half, profits were up

Revenues

It's that kind of performance that has so many companies eyeing bottlers. General Cinema, for example, the largest operator of theatres in shopping centres, added to its position as the biggest independent bottler of soft drinks by acquiring earlier this year Pepsi-Cola Bottling Company of Washington, D.C., and Dr Pepper Bottling Company of Roanoke, Virginia. Wometco Enterprises of Miami, operator of a major motion picture chain and four television stations, in recent years has acquired 13 Coca-Cola bottlers which now generate a third of Wometco's annual revenues.

Over the past 10 years, Coke of L.A.'s total revenues and net earnings have almost tripled. Shareholders' equity over the same span has risen to \$13.6m., more than three times what it was 10 years ago. Cash dividends have been paid since 1924 and were boosted 14 times in 14 years to the current annual rate of 90 cents a share. The company's financial health is very good, with year-end cash and temporary investments of \$12.5m., working capital of more than \$10m. and long-term debt of only \$7.4m., or just 8 per cent of total capitalisation.

Coke L.A.'s franchisee market territories spread through half of California, plus Nevada (including Las Vegas) and four of the five main Hawaiian Islands, while Mid-America is extending its reach eastward. Its product line includes 20 brands and 133 packages. California's two years of drought in a row have not affected the company's soft drink operations and have actually helped its bottled water business.

Mr. Thomas Kemp, Coke L.A. president, sees no reason why the company should not pass last year's record sales and earnings levels. Through this

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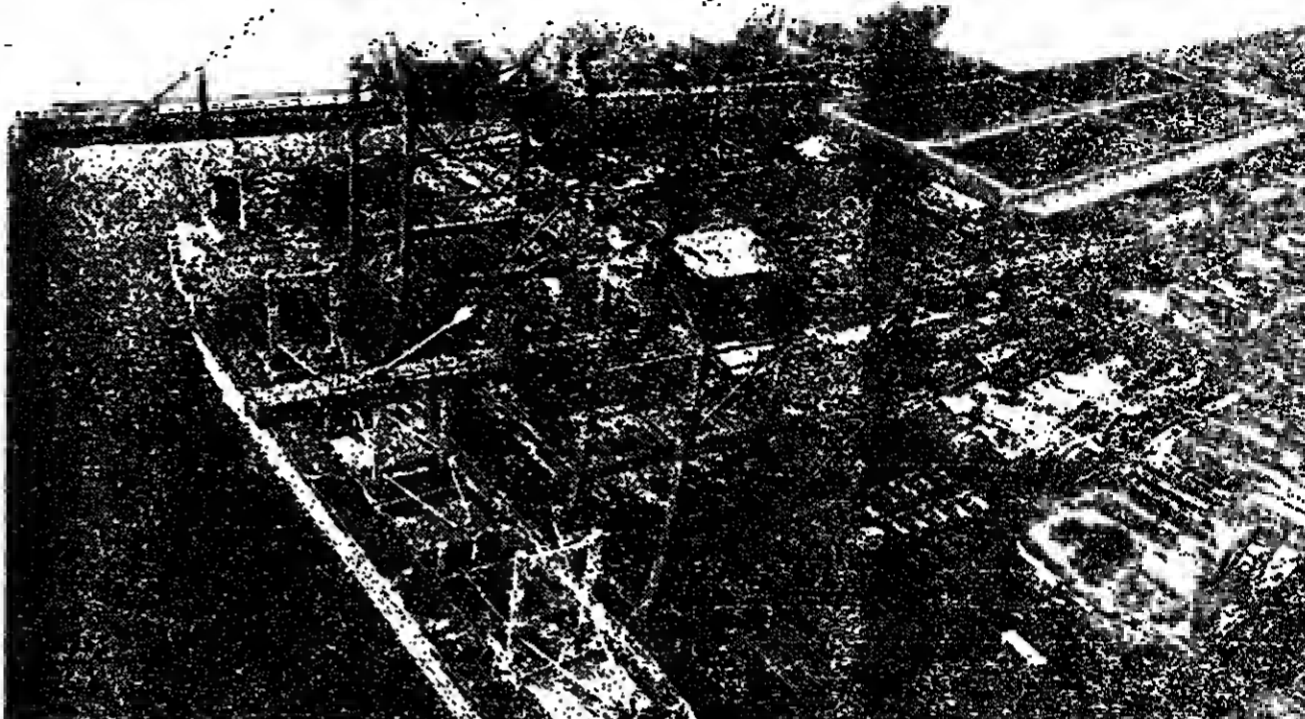
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To receive your reports on development opportunities in Philadelphia, please complete this coupon and send to: Mr. Walter D. Alessio, Executive Vice President, The New Philadelphia Story, Suite 1705, One East Penn Square, Philadelphia, Pennsylvania 19107. USA Telephone: (215) 568-2424. Name: _____ Title: _____ Company: _____ Address: _____

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The New Philadelphia Story. We'll help you close the best deal in America.



PHILADELPHIA

Halt vandalism' crusade

AIN NEEDS a crusade to them to be the only effective way. Mrs. Parker was introducing the Scottish Liberal Party's social policy. The policy document says: "Why should we tolerate any longer the disgrace in our country of empty housing estates, the pointlessness of worklessness, with no health care, vision for increased leisure, and many cases, were taking the hopeless poverty of so many families?"

Social security claims

MR. DAVID DONNISON, chairman of the Supplementary Benefits Commission, said yesterday an estimated 1m. people—more than half of them pensioners—were not claiming the social security benefits to which they were entitled. The reasons for this failure to claim were ignorance or the stigma attached to "charity" payments. Mr. Donnison was commenting on the launching of a Department of Health and Social Security campaign to encourage people in claim £300m. earmarked for them. "We are trying to work towards a simpler scheme which will be easier for people to understand." Several simplified leaflets on supplementary benefits have been produced and will be available from the department and Post Offices.

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PUBLIC NOTICES

N. M. LAMB REGISTRY. It is proposed to issue a new Certificate to replace the one described below that is about to expire.

CINEMAS

PRINCE CHARLES, Little, 44, 337, 3151, 3152, 3153, 3154, 3155, 3156, 3157, 3158, 3159, 3160, 3161, 3162, 3163, 3164, 3165, 3166, 3167, 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175, 3176, 3177, 3178, 3179, 3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191, 3192, 3193, 3194, 3195, 3196, 3197, 3198, 3199, 3200, 3201, 3202, 3203, 3204, 3205, 3206, 3207, 3208, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3227, 3228, 3229, 3230, 3231, 3232, 3233, 3234, 3235, 3236, 3237, 3238, 3239, 3240, 3241, 3242, 3243, 3244, 3245, 3246, 3247, 3248, 3249, 3250, 3251, 3252, 3253, 3254, 3255, 3256, 3257, 3258, 3259, 3260, 3261, 3262, 3263, 3264, 3265, 3266, 3267, 3268, 3269, 3270, 3271, 3272, 3273, 3274, 3275, 3276, 3277, 3278, 3279, 3280, 3281, 3282, 3283, 3284, 3285, 3286, 3287, 3288, 3289, 3290, 3291, 3292, 3293, 3294, 3295, 3296, 3297, 3298, 3299, 3300, 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310, 3311, 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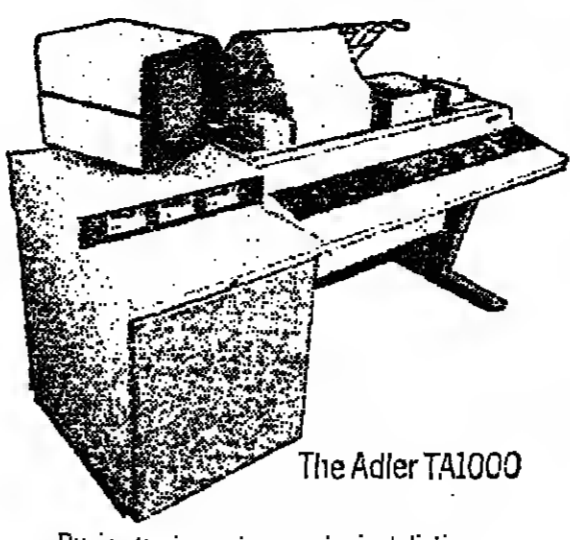
Friday November 8, 1974
Financial Times - Tuesday, November 8, 1974
ING NEWS

Africa's expanding uranium output

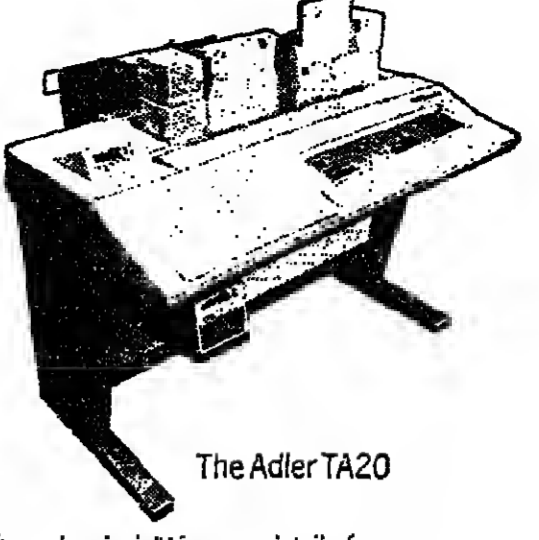
South African Randfontein, Free State Sasiplass controlled by Anglo with Lonrho participation, where good uranium values have been obtained, or it could be a reference to Union Corporation's drilling south of St. Helena. Dr. Roux also recently held out hopes of developing uranium sources in the Karoo, many miles from established mining areas, where a number of big companies have been actively exploring. He said that the presence of a large number of small deposits has been established, and while it remained to be seen whether they could be turned to account, assistance might be available for a central plant at a conveniently placed centre - this is the direction in which we are thinking.

October tin production

IN THE TIN concentrate production figures, now announced for October, that of Aver Hillam shows a welcome improvement, but it still leaves the total for the past four months at 365 tonnes compared with 1,756 tonnes a year ago. Last month the Malaysian-registered company warned that because its big No. 2 dredge would be working in low grade tailines for almost all of the current year to June 30, profits would fall sharply.



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the system is right in every detail - from our own sales offices and national network of dealers. Finally, the factor that enables Adler to carry through this concept is the new Adler range from £4,000 to £35,000. Which means that the system can be tailored very precisely to your needs. The smallest, the Adler TA20 will take on a complete accounting job for the smaller company or a specific application for a large one. At the top end is the TA1000 with increased power and the ability to provide really impressive management data: run your accounts department and help you run your business.

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Key Lake uranium grades

had not yet been calculated. Chemical analysis of findings from a number of drill holes has not been completed. In any event, more drilling is planned. An indirect participant in the venture is Sherritt Gordon, the Canadian uranium producer and chemical group which accompanied a statement of a third quarter loss with the announcement that work had started on the development of a new project to develop a process for the recovery of Key Lake uranium and nickel. The work involves laboratory research, a pilot plant and engineering. Although Sherritt's net losses in the third quarter to September were less than in the preceding three months they still came to \$1.17m. (11.07m.), slightly more than in the same quarter of 1973. Earnings for the nine months to September were \$1.19m. (11.9m.), compared with \$1.5m. to the first three quarters of 1973. To the north east of Key Lake, Saskatchewan Mining

Table with columns for month (Sep, Oct, Nov, Dec) and values for various items like Tin, Copper, etc.

Rejuvenal states that its No. 4 dredge was shut down on October 17 for approximately eight weeks for major repairs to be carried out. Despite last month's lower production the total for the six months to date amounts to 2,492 tonnes against 2,162 tonnes at the same time last year. On the other hand, Tungkah Warbur's four-month total is lagging at 187 tonnes against 195 tonnes while those of Malaysian and Southern Malaysian amount in 876 tonnes (1,001 tonnes) and 731 tonnes (788 tonnes) respectively.

World Value of the Pound

A table below gives the latest available exchange rates for the pound against various currencies on November 7, 1974. In some cases, the rates of buying and selling rates except where shown to be otherwise. In some cases, rates have been calculated from those of currencies to which they are tied. Exchange in the U.K. and most of the currencies listed is officially controlled and the rates shown should not be taken as being able to any particular transaction without reference to an authorised dealer. Abbreviations: (S) member of the sterling area other than Scheduled Territory; (*) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificate rate; (P) based on U.S. dollar, parties and going sterling dollar rate; (Bk) bankers rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (In) financial.

Table titled 'World Value of the Pound' showing exchange rates for various countries and currencies.

October tin production

IN THE TIN concentrate production figures, now announced for October, that of Aver Hillam shows a welcome improvement, but it still leaves the total for the past four months at 365 tonnes compared with 1,756 tonnes a year ago. Last month the Malaysian-registered company warned that because its big No. 2 dredge would be working in low grade tailines for almost all of the current year to June 30, profits would fall sharply.

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part of the French community in Africa... the North Vietnamese... the North Korean... Rate is now based on 2 Baobabs 5 to the dollar.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Increased profits seen this year at Suez

BY DAVID CURRY

PARIS, Nov. 7.

THE HOLDING company of the large French private group Suez expects to improve its profits this year and to pay the same dividend for the 1977 financial year as for its predecessor despite a 10 per cent. increase in capital.

Norol equity requirements

BY FAY GJESTER

OSLO, Nov. 7.

NOROL, the Norwegian State-dominated petroleum refining and marketing company, has asked the Ministry of Industry to approve a very substantial increase—around Kr.300m. (€30m.)—in its equity capital.

consolidation, is perhaps the brightest part of the Suez portfolio. In contrast, Le Henin property and banking operation looks much more gloomy with banking holding its own but the agricultural and real estate divisions look rather poor.

Export sales help for IWKA

FRANKFURT, Nov. 7.

A HEAVY decline in domestic orders has been reported by Industriewerke Karlsruhe August (IWA), one of West Germany's leading mechanical engineering concerns.

U.S. PAPER INDUSTRY

The debate about prospects

BY STEWART FLEMING IN NEW YORK

EVIDENCE of price cutting in some important product lines, and generally slight improvements in third quarter earnings, have added fuel to the vigorous debate about the prospects for the U.S. paper industry.

These figures for price increases take no account of recent cuts in the price of a key product, linerboard, which accounts for about 13m. tons of the industry's output.

There have been reductions, too, in the price of other paper products for bond, example, which is used in lightweight business forms.

gross national product growth and paper output prevailed. Thus the industry, for the past two years, has been operating at around 90 per cent. of capacity, which, while comfortably above break-even for most companies, is not a capacity utilisation rate which ensures strong profits.

Revised regulation may help car-make

By Richard Rolfe

JOHANNESBURG, A MOTOR MANUFACTURER companies, which have been directly hit by the effects of higher petrol and restrictions on y motoring, are expected some relief this week.

AMERICAN NEWS

Foreign disclosure plan

BY JOHN WYLES

NEW YORK, Nov. 7.

A FAR REACHING extension of the disclosure requirements for foreign companies with securities registered in the U.S. is being proposed by the Securities and Exchange Commission.

foreign companies would not be required to disclose individual salaries, but they would have to name directors and the three highest paid officers whose individual salaries exceed \$40,000 a year.

We are carefully watching and waiting. When we pulled out of the market in 1976 it was only 185,000 and it was only the leading most buttors, Mr. McCarthy, who said that they were about 160,000.

Babcock still interests UT

By David Freud

UNITED TECHNOLOGIES, the U.S. conglomerate, still has hopes of taking over the U.S. Babcock and Wilcox Company, despite its defeat in a takeover battle for the company in August by J. Ray McDermott.

EUROBONDS

Brazil loan priced

FINANCIAL TIMES REPORTER

AN ISSUE for the Oesterreichische Landesbank was launched yesterday in the D-mark market in the form of a five year bullet maturity. The amount is DM100m. and the lead manager Dresdner Bank.

Aluminium price doubt

LEADING US aluminium producers have been unable to maintain a 4 per cent. price rise introduced last month for common alloy flat rolled goods.

Republic of Iceland US \$10,000,000 (Financing in conjunction with the Icelandic Alloys Ltd. project at Grundartangi) Managed by DEN NORSKE CREDITBANK SCANDINAVIAN BANK LTD. NORDIC BANK LTD. in conjunction with LANDSBANKI ISLANDS Provided by SCANDINAVIAN BANK LIMITED DEN NORSKE CREDITBANK (LUXEMBOURG) S.A. NORDFINANZ-BANK ZURICH ANDRESSENS BANK INTERNATIONAL S.A. BANQUE NORDEUROPE S.A. NORDIC BANK LIMITED UNION BANK OF FINLAND INTERNATIONAL S.A. UNION BANK OF NORWAY LTD. Agent DEN NORSKE CREDITBANK October 1977

Air Products Limited and Air Products & Chemicals Inc. \$6,000,000 10 year Currency Exchange Agreement with Continental Bank Continental Illinois National Bank & Trust Company of Chicago arranged by CONTINENTAL ILLINOIS LIMITED 11 Moorfields Highwalk, London EC2Y 9DL, 01-627-8024

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for Bond Name, Bid, Offer, Bid, Offer. Includes entries for STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLES, and NOTES.

World Banking Corporation S.A. Providing Worldwide Financing. A wholly owned Subsidiary of Wobaco Holding Company S.A. - Luxembourg. The Wobaco Group, Established 1963. Banking, Investment and Trust Offices: Luxembourg, Nassau, London, Grand Cayman, Jersey. Representative Offices: New York, London and Panama. Shareholder Banks: Bank of America, Toronto Dominion Bank, Banco de Santander, Banque Paribas-Lombard S.A., Comptoir d'Escompte de Paris, Skandinaviska Enskilda Banken, The Dai-Ichi Kangyo Bank Ltd, Swiss American Bank Ltd, E. van Lamschotter Bank. World Banking Corporation S.A. PO Box 320, 22, 24 Boulevard Royal, Luxembourg. Telephone 28004, Telex 1351.

مكاتبنا الاجل

LAND AND COMPANY NEWS

ITALIAN NEWS

Tarra faces state investigation

SYDNEY, Nov. 7.

NEW SOUTH WALES... Tarra... state investigation... Tarra... state investigation...

Smith shareholders... IEL... state investigation... Smith shareholders... IEL... state investigation...

IEL bids for Cuming-Smith

THE MYSTERY... IEL bids for Cuming-Smith... THE MYSTERY... IEL bids for Cuming-Smith...

TNT denies cash problem

RUMOURS THAT... TNT denies cash problem... RUMOURS THAT... TNT denies cash problem...

KONG NEWS

ardley defends India spread

HONG-KONG, Nov. 7.

FIRST... ardley defends India spread... FIRST... ardley defends India spread...

Singapore Land setback

SINGAPORE, Nov. 7.

GROUP AFTER-TAX... Singapore Land setback... GROUP AFTER-TAX... Singapore Land setback...

arp earns more—releases plans

COMPANIES... arp earns more—releases plans... COMPANIES... arp earns more—releases plans...

Picop makes rights issue

THE Paper Industries Corporation... Picop makes rights issue... THE Paper Industries Corporation... Picop makes rights issue...

This announcement appears as a matter of record only



US \$40,000,000

Revolving Credit Facility

Arranged by:

Den norske Creditbank (Luxembourg) S.A.

Provided by:

- Bankue Arabe et Internationale d'Investissement (BAII)
Banque Nordeurope S.A.
BHF-BANK-DG International
Den norske Creditbank (Luxembourg) S.A.
Norddeutsche Landesbank International S.A.
Nordfinanz-Bank Zürich (Overseas) Limited
Nordic Bank Limited
PKbanken International (Luxembourg) S.A.
Skandinaviska Enskilda Banken (Luxembourg) S.A.

Agent:

Den norske Creditbank

October 1977

Thorn Electrical Industries Limited

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- LONDON
FRANKFURT • DUSSELDORF
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The listing was arranged by

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LONDON

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PARIS

Algemene Bank Nederland N.V.

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Is there a name for a company that's 62% life assurance, 32% general insurance, 6% mortgages, hire purchase and property—and 100% keen to get to know you?

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even holiday centres—where our marketing strength, expertise in investment analysis and property management can be profitably employed... even holiday centres—where our marketing strength, expertise in investment analysis and property management can be profitably employed...

But our overseas business is developing well... But our overseas business is developing well...

Three main activities We operate internationally in three main areas: life assurance, general insurance and some non-insurance but related fields such as hire-purchase, mortgages, property development...

Gathering strength internationally At the moment, most of our revenue is generated within the Netherlands, a home market that provides, overall, a sound and profitable base.



Balanced growth, internationally.

Ishikawajima Harima

ISHIKAWAJIMA HARIMA Heavy Industries reports after-tax profit of ¥6,51bn. (¥5.63bn) for the first half year to date September 30, reports Reuter from Tokyo. Sales ¥355.91bn. (¥293.78bn.) Interim dividend three yen (same).

Kawasaki Heavy Ind.

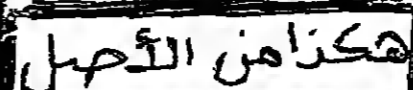
KAWASAKI HEAVY Industries, Japan's sixth largest shipbuilder, has announced that its net income in the half-year ended September 30 fell to ¥4,579bn, down 30.3 per cent. from ¥6,567bn. in the same period last year. AP-DJ reports from Tokyo.

Mitsui profit fall

MITSUI SHIPBUILDING and Engineering reports an after-tax profit of ¥1,93bn. (¥2,99bn.) for the first half ended September 30, reports Reuter from Tokyo. Sales ¥152.39bn. (¥158.63bn.) Interim dividend three yen (same).

Progress at Citizen

CITIZEN WATCH announces an after-tax profit of ¥1,37bn. (¥1,61bn.) for the first half ended September 30, reports Reuter from Tokyo. Sales ¥23.79bn. (¥27.84bn.) Interim dividend ¥3 (same).



Producer pact and supply squeeze boost coffee

By Richard Mooney

COFFEE PRICES on the London futures market leapt by over £100 yesterday in response to a strong upward move in New York. The January position closed at £1,792 a tonne, up £110 after reaching £1,830 at one stage. The rise in New York was due partly to a tightening supply situation there and partly to news of a price support pact between Brazil and Colombia, the world's two biggest producers.

The Brazil-Colombia pricing pact, announced on Friday, is causing considerable confusion in the market though most dealers guardedly regard it as "bullish".

The two countries, which normally account for around 40 per cent of global coffee production, have agreed to a joint policy to support prices, but the details of the plan are shrouded in mystery.

Reports coming out of Bogota, the Colombian capital, say that the two producers will coordinate their marketing procedures so as to prevent under any circumstances, their coffee being sold at or below the International Coffee Organisation (ICO) guideline prices for robustas and other milds.

The ICO said yesterday, however, that there were no guidelines in the 1975 International Coffee Agreement. The

Another U.S. zinc price cut

By John Edwards, Commodities Editor

A CUT in the U.S. domestic zinc price from 32 to 31 cents a pound, was announced yesterday by St. Joe Mine.

The company said the reduction was the result of the excessive amount of unsold metal overhauling the market, due primarily to "abnormally high imports of zinc over the last two years."

The cut was quickly followed by other leading U.S. zinc producers.

Early last month the U.S. zinc price was cut by 2 cents, and it triggered off the reduction in the European producer quotation from \$700 to \$600 a tonne, which has now been further cut by virtually all producers.

Zinc values on the London Metal Exchange were firm yesterday, however, with the cash price ending at 21 1/2 pence.

The firm trend has been encouraged by a steady decline in LME warehouse stocks of zinc. They fell again yesterday for the 15th week to 13,325 to 63,725 tonnes, compared with 83,700 at the end of July.

Tin stocks fell 80 tonnes to a total of 3,730 tonnes. However, declines in the tin market were less than expected, and some fresh cash offerings brought out nervous speculative selling. As a result standard grade tin fell to £100 to £91 1/2 a tonne.

Copper stocks rose by 2,075 to a record 622,150 tonnes. Lead fell by 253 to 62,500 tonnes, and LME silver buildings increased by 280,000 to 19,410,000 ounces.

Potato Board suspends support buying

By Christopher Parkes

FRANCKED by persistent low prices, British potato farmers have swamped the Potato Marketing Board with offers of surplus crops. They have asked the Board to buy up more than 400,000 tonnes of potatoes through its support buying programme.

The Board, which has a support programme at the start of October when the harvest was just getting under way and prices tumbled to an average around £30 a tonne.

Since then prices have climbed to between £35 and £40—up to almost £50 in one region—but they are still unstable in a generally nervous market.

Another factor expected to help keep prices up is the unexpectedly low yields this year.

Accurate figures have not yet been assembled, but the Ministry of Agriculture says that earlier estimates of new record yields topping 13 tonnes an acre were over-optimistic.

In its annual report for last year, released today, the Board says that the support programme at the start of October when the harvest was just getting under way and prices tumbled to an average around £30 a tonne.

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Apple import levy down to 6%

By Margaret Van Hatten

THE EEC Council of Ministers has agreed to reduce the present 14 per cent levy on apple imports to 6 per cent.

It represents a watered-down version of a British initiative, made six weeks ago.

Mr. John Silkin, Minister of Agriculture, said the move would be a "welcome" step towards a more liberal trade in apples between the United Kingdom and other EEC members, the move was stubbornly resisted by Sir Giovanni Marcora, the Italian Farm Minister.

Protracted wrangling at today's council meeting was finally resolved to a compromise decision to reduce the levy in 6 per cent, until the end of next January.

The move is not expected to encourage a large influx of apples, but increased imports are expected from Denmark, the only European country to harvest a normal apple crop this year.

Reinforced by the council, the move also agreed to extend for a further 12 months from next January 1 the preferential access for beef exports from Botswana, Kenya, Madagascar and Swaziland.

The arrangements will allow in a total of 27,532 tonnes at nil duty and only 10 per cent of the normal import levy, imposed as part of the EEC's beef market regime.

Brazil wheat crop setback

By David White

BRAZILIAN WHEAT requirements are expected to increase by 1.2 million tonnes next year after crop failures in the south.

Adverse weather conditions and crop disease have hit wheat production in Rio Grande do Sul, the main producing area, with the crop down 10 per cent on average compared with earlier expectations of 1.8 million tonnes.

The harvest in Paraná, another main producing state, is around 1.4 million tonnes, as against the hoped-for 1.5 million tonnes.

Food crops in the past three years have put back the Brazilian Government's hopes of becoming self-sufficient in wheat in the near future. Last year the country spent about \$300 million on wheat imports.

Wheat plantings in Rio Grande do Sul have been cut to 3.7 million acres from 4.9 million, as farmers have opted for other crops such as barley. A further reduction is expected next year.

Total Brazilian production is not expected to exceed 2.5 million tonnes this year, compared with 3.2 million last year. Annual wheat consumption is over 6 million tonnes a year.

Our Commodities Staff writes that the U.S. private crop forecaster puts the U.S. corn (maize) crop based on November 1 conditions at 6,231,514,000 bushels. The previous estimate was 6,148,000,000 and last year's was 6,216,000,000 bushels.

The soybean crop is now predicted to reach 1,701,588,000 bushels against 1,675,436,000 and last year's 1,294,890,000 bushels. The previous record soybean crop was 1,547,165,000 in 1973.

Meanwhile in London, talks on the proposed new international Wheat Agreement will resume today, after a day's respite for private consultations and technical sessions.

The main stumbling block over whether or not the Agreement should include fixed minimum and maximum prices has yet to be resolved.

But it is generally thought that the preparatory group involved in the present talks will recommend to the full Wheat Council, due to meet later this month, that a negotiating conference should be held next spring.

The present talks are scheduled to finish until Friday, but a reconvening session involving a negotiating conference may well emerge sooner.

EEC drops soya charges

By Our Commodities Staff

THE LONDON sugar market put up no resistance yesterday to a fresh combination of depressing influences, and the price for raws delivered in December fell almost £2 from Friday's levels, closing at 197.85 a tonne.

More distant futures prices were less sharply affected. The March rate, for example, lost only 63p, closing at 1113.125 a tonne.

The day started with prices easing as sterling improved. The London daily price for raws was set back to 192, and the slide continued as traders discussed reports that Portugal had sought a cut in its sugar import duty from 100 to 80 per cent.

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Icelandic fish ban lifted

By Richard Mooney

THE TRANSPORT and General Workers' Union will recommend its dockside members to lift their unofficial ban on fish from Iceland and Greenland.

The union, which has been in dispute with the fishery industry since the lifting of the ban, said it would lift the ban on fish from Iceland and Greenland.

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Sugar price slips lower

By Our Commodities Staff

THE LONDON sugar market put up no resistance yesterday to a fresh combination of depressing influences, and the price for raws delivered in December fell almost £2 from Friday's levels, closing at 197.85 a tonne.

More distant futures prices were less sharply affected. The March rate, for example, lost only 63p, closing at 1113.125 a tonne.

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EEC drops soya charges

By Our Commodities Staff

THE COMMON MARKET will shortly close the anti-dumping case it opened last April against Brazil.

It has dropped its complaints about different rates of export tax on soyabean and soyabean meal, and accepted the latest Brazilian offer of increased taxes on the meal.

The threat of a countervailing import tax which might have been imposed by the EEC has been removed.

Brazil has offered to raise the present minimum 5 per cent export tax on meal in stages up to 11.1 per cent by November 1980. European seed crushers had demanded an immediate rise to 11 per cent.

When Brazil made its offer two weeks ago, Commission sources said they were extremely displeased with the timetable.

Today officials said all EEC states agreed to accept the offer after detailed talks with Brazilian delegates, but they declined to specify reasons for the change of attitude.

The dispute arose because Brazil imposes a 13 per cent export tax on soyabean and the difference between this and the meal tax made it impossible for European crushers to import Brazilian beans into the EEC and process them at a profit.

EASIER TONE AT TEA AUCTIONS

By Our Commodities Staff

Tea prices fell back at the London auctions yesterday in the wake of a recent announcement that a negotiating conference may well emerge sooner.

The present talks are scheduled to finish until Friday, but a reconvening session involving a negotiating conference may well emerge sooner.

COMMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Price
Gold	1000 oz	1648.167.5
Silver	1000 oz	215.00
Copper	100 lb	197.85
Zinc	100 lb	21.50
Lead	100 lb	19.50
Aluminum	100 lb	1.10
Iron	100 lb	0.15
Steel	100 lb	0.12
Wheat	100 lb	1.10
Barley	100 lb	0.80
Oats	100 lb	0.60
Rice	100 lb	0.40
Beans	100 lb	0.30
Peas	100 lb	0.25
Maize	100 lb	0.20
Soyabean	100 lb	0.15
Soyabean meal	100 lb	0.10
Soyabean oil	100 lb	0.05
Soyabean cake	100 lb	0.02
Soyabean hulls	100 lb	0.01
Soyabean shorts	100 lb	0.00
Soyabean middlings	100 lb	0.00
Soyabean meal	100 lb	0.00
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STOCK EXCHANGE REPORT

Firemen's strike decision reverses earlier firm trend Index up 4.2 at 480.4 after 487.7—Gilts lose gains to 3/4

Account Dealing Dates... First Declared Last Account Dealings Dates...

Afternoon reports yesterday of the firemen's decision to strike from next Monday in support of a 30 per cent pay claim added to the worries about labour unrest which were largely responsible for the recent sharp setback in stock markets...

The technical nature of the moves in equities was clearly seen in the fairly big price gains recorded in the early afternoon in a rather limited trade; official markings totalled 5,177, the lowest for a fortnight and comparing with 8,531 last Friday and with 10,683 on Monday of last week...

After having dropped 45.6 in the previous fortnight, the FT 30-share index shot up by 11.5 by noon, the rise was more than halved by 3 p.m. and further slight eases left the closing level up a net 4.2 at 480.4. Rises still outnumbered falls by the close, the ratio being 5.2 to FT-quoted equities, but the range of price movements in the leaders showed the thinness of the market...

The FT-Actuaries three main indexes ended with gains limited to 1.2 per cent with the Allshare 1.1 per cent, harder at 205.29, while comment on some easing in the Building Industry's recession left gains of more than 2 per cent in the Building Materials and Contracting sub-sections.

Gilts sensitive With market conditions still very thin and sensitive in the wake of recent developments on the labour front, what looked like being a promising rally in British

Funds soon petered out yesterday when it became known that the firemen had voted in favour of an official strike from next Monday. Helped initially by an improvement in sterling, long-dated stocks were showing gains of around 3, but gradually drifted back to close without alteration. Short-dated issues followed a similar pattern, but managed to hold on to some of the earlier improvement in places and closed with rises of 1.1, after having been up by around 1. The wholesale price index appeared to be well received but had no impact on the market. Corporations lost ground on a broad front, but in recently-issued Fixed Interest Finance, 11.3 per cent, 1990, were supported at 32.1, up 1, while the 11 per cent, 1988, improved 1 to 30.1.

A quiet day in the investment currency market saw some offerings on arbitrage account and the premium slipped to 96 1/2 per cent before institutional support left the rate at 97 per cent for the day's SE conversion factor was 0.7289 (0.72001).

Banks better Apart from Barclays which softened a penny to 307p, the major clearing banks were inched higher. Lloyds and Midland were up 1/2p to 345p and 340p respectively. Discounts closed mainly firm with Union 3 better at 435p and Cater Ryder 3 to the good at 298p. Minister Assets hardened a penny to 339p in front of 10-day's interim results but Arbutnot Latham cheapened 3 to 155p. Encouraged by the September Hire Purchase figures, Lloyds and Scottish added 4 at 112p and UOT rose 3 to 44p.

Insurance closed well below the best in places. Royals touched 412p but ended only 3 better at 409p. Brokers fared better with Minet 5 up at 184p and Secker's Fortes 7 higher at 307p. C. E. Heath hardened a penny to 220p, after 224p; the half-yearly figures are due to-day. Pearl rose 8 to 258p among Life figures, while Hambro Life also notable for an improvement of 7 at 274p.

A mixed Press on the industry's prospects resulted in a reasonable two-way business in Breweries which closed with modest gains. Whitbread A was marginally better at 85p in front of 10-day's interim report.

Buildings began the week on a brighter note with sentiment helped by an encouraging survey on the industry from The National Federation of Building Trades Employers. Contracting and construction shares did well with Richard Costain notable for a recovery of 10 to 234p, after 228p. Elsewhere, Barratt Developments

rose 6 to 104p. AP Cement ended 3 better at 282p, after 285p. By way of contrast, Tyson (Contractors) shed 3 to 25p following the poor results.

Weak of late with the general trend and on Press suggestions that the third-quarter profits, which are due on November 24, will prove disappointing, ICI started 285p on favourable Press before closing only 3 higher at 378p. International Palat were 3 dearer at 33p; the interim results are due on November 17.

Among quietly firm Television

Dewhurst gained 5 to 80p and James Walker picked up 5 to 86p.

A modest technical rally by the Engineering majors left GKN with a gain of 8p at 279p and Tubes 6 dearer at 82p, while Vickers rose 3 to the good at 183p. John Brown ended 3 harder at 221p. Elsewhere, Simon added 8 to 208p in response to news that a subsidiary had been awarded Russian contracts worth 78m. T. W. Ward gained 2 1/2 to 53p after Press comment on Sanjool Osborn added 3 to 33p for a similar reason. Capper-Phillips improved 3 to 68p following the interim results, while revised speculative interest lifted Treacmit 3 to 76p and Mining Supplies 4 to 75p.

Reecam, with interim results due a week to-morrow, led the way during the morning rally in miscellaneous Industrial leaders.

However, when the initial impetus of "cheap buying and bear raising faded, concerns re-emerged quickly to close a net 3 up at 625p, after 635p. Most of the other leaders followed the trend in varying degrees. Glaxo closed 4 up at 597p, after 603p, while Unilever retained a rise of 10 at 458p, after 562p. Pilkington rallied 10 to 480p, and Metal Box 6 to 210p. Reed International, however, eased a penny to 140p on further consideration of last week's news of substantial Canadian losses, doubts about the final dividend. Coral Leisure pleased the market with its dividend-boosting rights offer and proposed 100 per cent scrip issue and rose 11 to 241p, after 244p. Associated Leisure, which announced two small acquisitions yesterday, improved 15 to 51p in sympathy. Press comment belatedly Dumbex-Comber-Marx, 6 up at 160p. Cowan De Groot, 5 higher at 62p, and Valor, 4 to the good at 37p. Wedgwood, with interim results due later this month, recovered 12 to 209p. Gains of 3 were seen in Vinten, 62p, and Byron, 46p, while Giltspan 3 up at 50p. Silhouette 2 to 44p on the profits warning, while following last Friday's drop of 56 on the rights issue and cautious comments about the half prospects, De La Rue shed 4 to 568p, after 575p.

Of demand on bid hopes. Properties were rarely tested. The leaders added a few pence at the start, but had relinquished most of the rises by the close. Lead Securities ended a penny higher at 195p, after 201p. Henderson, a gain of 5 on further consideration of last Friday's interim results, but closed unchanged on the day at 530p. County and District improved 1 1/2 to 677p following Press comment, while the chairman's encouraging annual review left A. and J. Shucklow 2 better at 260p.

Overseas Traders had a firmer inclination. Williams Jackson's hardening of 2 to 181p belatedly responded to the preliminary results. Investment Trusts were better where changed following the appearance of the occasional small buyer. In Financials, Grimshaw hardened 2 to 29p and Kvaerner put on 10 to 100p.

After a firm start, Shoppings drifted gently lower and ended little changed. Courtaulds closed unchanged at 114p, after 116p, sentiment apparently little affected by the problems of the Amtrac nylon plant. Leeds Dyers responded to Press comment with a rise of 3 to 72p, while other firm spots included Yorkshire Fine Woollens, 3 up at 39p.

Single American, 26 higher at 625p, provided the only movement in South African Industrials.

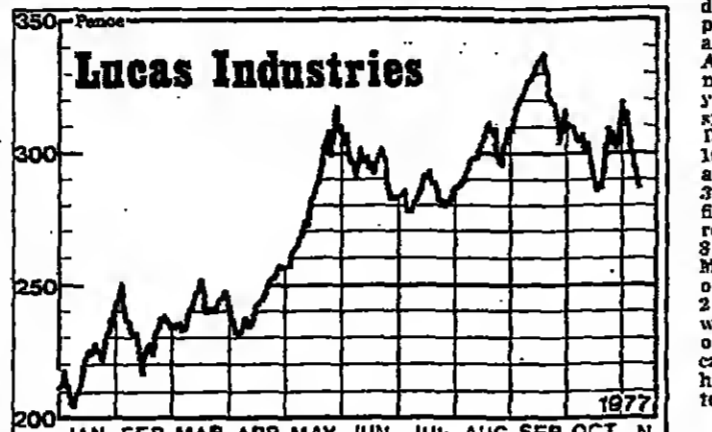
Quiet Mines The firmness of the UK equity market enabled the Goldfields "rights" issue to make a bright start.

The "new" shares opened at 17p premium, and, although trading was reported to have been slightly better than expected, improved to a day's high of 25p premium before easing back a shade to close at 20p premium. The ordinary shares were a penny harder at 179p, ex-rights.

Despite the continuing buoyancy of the bullion price, which closed 75 cents up at \$166.825, South African Golds, suffered from lack of interest. Prices drifted throughout the day resulting in a 1 1/2 fall in the Goldfields index to 155.5.

In the heavyweights, small selling in an unwilling market lowered both West Deacons and Western Holdings a half-point to 204p and 214p, respectively, while among lower priced stocks falls of 6 were common to London, 117p and Unisul, 178p.

South African Financials mirrored Golds. "Johnnies" gave up a half-point to 111p following the chairman's cautious statement. Anglo American 254p and Unisul Corporation, 270p, were both around 5 cheaper. A feature in London-domiciled



Lucas Industries became an erector, after having improved to 304p in front of the preliminary statement, the shares closed 10 cheaper on balance at 285p following profit figures which failed to reach the market's best estimates. Other Motors and Distributors made modest headway. Group Lotus featured with a rise of 6 to 48p in a thin market. Higher interim figures lifted Airway Streamlines 2 to 68p. KRF, at 115p, regained 3 of Friday's fall of 13, while Press comment was reflected in Kwik-Fit, 4 up at 99p. Associated Engineering, 6 higher at 120p.

Publishers Morgan-Grampian were pushed up to 179p on news of the bid approach before closing 18 higher at 160p.

Brit. Petroleum firm British Petroleum remained a firm market at 88p 1/2, with the party-pair 5 higher at 85p, but Shell lost the bulk of an earlier rise to close only 2 up at 548p, after 556p. Royal Dutch, at 242, was a fraction lower on the dollar premium. Elsewhere, Ultramar rallied 4 to 220p after the previous four-day fall of 28. Woodside met demand on rumours of an oil strike on the North-West shelf of Australia and rose 5 to 63p.

Apart from Bernard Fowler, which rose 7 to 127p on a revised

FINANCIAL TIMES STOCK INDEX table with columns for various stock categories and their values.

HIGHS AND LOWS table with columns for High, Low, and S.E. AC for various stock categories.

RISES AND FALLS table with columns for Stock, Denomina, No., Closing, Change, and High/Low.

NEW HIGHS AND LOWS FOR 1977 table with columns for Stock, High, Low, and Date.

RISES AND FALLS YESTERDAY table with columns for Stock, High, Low, and Change.

APOLLO advertisement featuring the text 'The world's leading magazine of Arts and Antiques' and contact information for Apollo Magazine.

RECENT ISSUES table with columns for Stock, Price, and Change, listing various equities and fixed interest stocks.

FT-ACTUARIES SHARE INDEX

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table showing EQUITY GROUPS and FIXED INTEREST PRICE INDICES with columns for Index, Day's Change, and other metrics.

FINANCIAL TIMES advertisement with contact information for editorial, circulation, and international offices.

OPTIONS TRADED table with columns for DEALING DATES, Stock, and Price.

Table showing FIXED INTEREST PRICE INDICES and other financial data.

Handwritten text at the bottom of the page, possibly a signature or note.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics, including names like 'Perpetual Unit Trust', 'Fidelity Unit Trust', and 'Royal Bank Unit Trust'.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including 'Kemp-Gee Management Jersey Ltd.', 'Keyesley Mgmt. Jersey Ltd.', and 'Fidelity Mgmt. Res. (Bda.) Ltd.'.

INSURANCE BASE RATES

Table showing insurance base rates for property growth, annuities, and other insurance products.

CLIVE INVESTMENTS LIMITED

Text providing contact information and services for Clive Investments Limited, including address and phone number.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions, including 'Hill Samuel', 'C. Hoare & Co.', and 'Julian & Hodge'.

Foreign Exchange Investment

Text discussing foreign exchange investment opportunities and the benefits of diversifying into international markets.

NEI Trust Managers Ltd

Text providing information about NEI Trust Managers Ltd, including their services and contact details.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products, including 'Abbeey Life Assurance Co. Ltd.', 'Credit & Commerce Insurance', and 'Scottish Widows Group'.

NOTES

Notes section providing additional information and disclaimers regarding the financial data and services advertised.

FT SHARE INFORMATION SERVICE

Exporting is easier with NO EXCHANGE RISKS. Interested? Talk to INTERNATIONAL FACTORS...

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yield. Includes sub-sections for 'Shorts' and 'Five to Fifteen Years'.

Table of Five to Fifteen Years funds with columns for Stock, Price, Div, and Yield.

Table of Over Fifteen Years funds with columns for Stock, Price, Div, and Yield.

INTERNATIONAL BANK

Table of International Bank funds with columns for Stock, Price, Div, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, Div, and Yield.

LOANS (Miscel.)

Table of Miscellaneous Loans with columns for Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div, and Yield.

AMERICANS - Continued

Table of American stocks (continued) with columns for Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks with columns for Stock, Price, Div, and Yield.

HIRE PURCHASE, ETC.

Table of Hire Purchase, etc. stocks with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks (continued) with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY - Cont.

Table of Building Industry stocks (continued) with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Stock, Price, Div, and Yield.

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Table of American stocks (continued) with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES - Cont.

Table of Drapery and Stores stocks (continued) with columns for Stock, Price, Div, and Yield.

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AMERICANS

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ENGINEERING - Continued

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ENGINEERING

Table of Engineering stocks with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Stock, Price, Div, and Yield.

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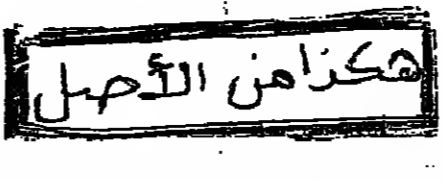
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INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE LAND—Continued

MINES—Continued

CENTRAL AFRICAN

Table with columns for company names, stock prices, and changes. Includes entries like 'W.C. Hill', 'W.C. Hill', 'W.C. Hill'.

Table with columns for company names, stock prices, and changes. Includes entries like 'MOTORS, AIRCRAFT TRADES', 'Motors and Cycles', 'Commercial Vehicles'.

Table with columns for company names, stock prices, and changes. Includes entries like 'SHIPBUILDERS, REPAIRERS', 'SHIPPING', 'SHOES AND LEATHER'.

Table with columns for company names, stock prices, and changes. Includes entries like 'SOUTH AFRICANS', 'OVERSEAS TRADERS', 'RUBBERS AND SISALS'.

Table with columns for company names, stock prices, and changes. Includes entries like 'TEAS', 'India and Bangladesh', 'Africa', 'Mines', 'CENTRAL RAND', 'EASTERN RAND', 'FAR WEST RAND'.

Table with columns for company names, stock prices, and changes. Includes entries like 'AUSTRALIAN', 'TINS', 'COPPER', 'MISCELLANEOUS', 'NOTES'.

INSURANCE

PROPERTY

TOBACCO

TRUSTS, FINANCE LAND

FINANCE

REGIONAL MARKETS

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42

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£79m. Soviet order for Simon-Carves

BY LYNTON McLAINE, INDUSTRIAL STAFF

RUBBER processing plant worth £79m. is to be supplied to the Soviet Union by Simon-Carves, the Stockport-based subsidiary of Simon Engineering. This will be one of the biggest sterling credit deals since Mr. Denis Healey, the Chancellor, last December put pressure on exporters to use foreign currency in major contracts.

Two contracts are involved, each at fixed prices without escalation clauses, with the work likely to extend over two years. The announcement comes when British exports to the Soviet Union are increasing sharply. Another "significant chunk" of the Wilson-Kosygin £950m. credit arrangement of February, 1976, is involved, according to Morgan Grenfell, which is handling finance for Simon-Carves.

With the latest contracts, about £450m. of the £950m. available to finance exports to the Soviet Union has been accounted for.

During the first nine months of 1977 British exports to the Soviet Union were worth £289.5m., or 10 per cent. more than the £173.2m. total for the same period last year.

The latest contracts for auto-

mated rubber mill rooms for tyre factories at Voronezh and Belaya Tserkov being the value of Simon-Carves rubber processing plant exported to the Soviet Union since the £20m. Dnepropetrovsk contract was signed in 1957 to £183m.

Each contract is at a totally fixed price according to Mr. Kenneth Coulson, the sales and marketing director of Simon-Carves. He said the Russians had told the company it had to line up with other competitors in Europe, who were prepared from the outset to offer fixed-price terms. To get the business, he said, we had to accept this greater risk.

This approach marks a hardening of Soviet attitudes to major project financing. Simon-Carves previous biggest rubber processing contract with the Russians, the £23m. Nizhnekamsk project on the Kama River, was also a fixed price contract but was subject to escalation clauses, with an upper limit of 10 per cent. of the original value.

Details of the financial arrangements and terms of credit being concluded by Morgan Grenfell, have not been disclosed, but the financial agreement itself will not be signed for six weeks.

Mr. John Burgess, managing director of Simon-Carves said the contracts would mean work for 250 British sub-contracting companies. They would supply between 80 and 90 per cent. of the equipment, the balance, including specialised cooling drums would come from West Germany and Switzerland among other countries.

Under the fixed price contract, Simon-Carves recognises that "there are attractions for us in buying overseas, but we need the backing of the Export Credits Guarantee Department."

The contracts may be the last backed by the ECGD to be agreed in sterling credit. For in February Mr. Edmund Dell, Secretary for Trade announced that "in future the ECGD will underwrite larger projects only where these are financed in foreign currency."

Two months earlier the Chancellor, had said: "We are taking steps to encourage the use of foreign currency financing and to control the rate at which new offers in fixed rate sterling finance will be approved by the ECGD. The aim was to reduce expenditure on financing and produce a net saving of £100m. in 1977/78, and £200m. in 1978/79."

UNCTAD talks hear proposals to bridge gap

BY DAVID HOUSEGO

GENEVA, Nov. 7.

NEGOTIATIONS on the proposed Common Fund to stabilise commodity prices opened here today with a note of warning by Mr. Gamani Corea, secretary-general of UNCTAD, that a setback could inflict "serious damage" on relations between industrialised and developing countries.

It was clear from today's proceedings that a wide gulf separates the two sides but also that at this stage both are anxious to avoid political inactivity.

In an unexpected display of unity the industrialised States for the first time presented their own version of how the fund might work, although the Dutch and Scandinavian feel that insufficient concessions have been made to the Third World, while the Germans and the Japanese are worried that the West has gone too far.

Delegates from over 100 nations are attending the conference, organised under the auspices of UNCTAD, which is in the final stages of negotiations. This follows an agreement in principle to establish the fund reached at the end of the North-South dialogue in June.

Mr. Corea said that there was wide recognition that unstable commodity markets and widely fluctuating prices were detrimental to both producers and consumers and exacerbated inflation in the industrialised economies. At any agreement in principle on a common fund had little significance, he said, but views on the shape of the fund were totally at variance.

The opening papers show that there are two major points of difference. One is the timing of the fund as a

dynamic new institution which would link consumers and producers and help restructure world commodity trade. His financing would be based on Government subscription to ensure universality of membership and be backed by wide borrowing powers.

Buffer stocks

By contrast, the industrialised nations criticise the fund as a banking facility for the mutual assistance of independently organised commodity associations in their buffer stocking operations. Its finance would come from deposits made by the commodity organisations who in turn would have additional borrowing rights based on government guarantees.

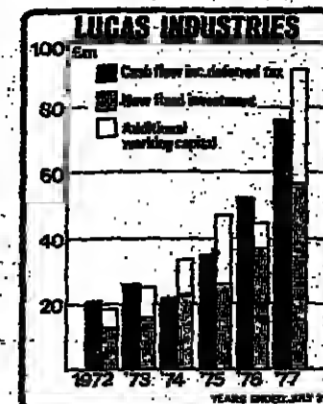
The industrialised nations insist that the cornerstone of the system must lie in the commodity organisations being bound by tight financial discipline and not having an open-ended financial access to the fund.

The second major point of difference is that the developing countries want the fund to finance other measures apart from buffer stocks such as market promotion, diversification of products, research and development and improvements in production. In addition, they want the fund to provide other assistance for commodities facing difficulties but not covered by commodity agreements. In this context, they put special weight on the needs of the least developed nations, which are totally unacceptably to the West.

THE LEX COLUMN

Diesel power at Lucas

Index rose 4.2 to 480.4



What Lucas can do in a year relatively free of labour troubles is shown by the 38 per cent. improvement in pre-tax profits to £77.5m. in the year ended July. But the momentum was slackening in the second half, when sales grew by 14 per cent. (half the rate of the first six months). And the outlook for the current year will depend heavily on how well Lucas can cope with the rumblings of further trouble from its labour force.

Already the ten-week strike of toolmakers has badly affected performance so far, and it looks as though the first half will show lower profits. Given a clear run, Lucas could get back close to its budgeted levels in the second six months. But the group is still trying to negotiate important Stage Two settlements.

The U.K. motor components operations were responsible for all last year's growth, led by the rapidly expanding diesel side, although the electrical, brake and battery activities all performed strongly too. But aircraft equipment, a laggard for some time, worsened £4.5m. to go slightly into the red, and reorganisation costs this year will make it hard to achieve a substantial recovery in the short term.

Overseas trading profits eased almost £1m. to £21.5m., the chief problem area being Brazil where Lucas was hit by onerous import duties, just as it was shipping in equipment for a new factory.

Flush with its May 1976 rights money, Lucas spent its way into a cash flow deficit of around £20m. and has plenty of liquid funds in hand to finance another deficit in the current year, when £55m. of capital expenditure is projected on top of £40m. on revenue account. But the actual level of spending may depend on the group's success in getting back in line with its cash flow projections.

At this stage the market is not looking for anything more than £55m. pre-tax for 1977-78, and even the pessimists see an unenhanced outcome. So the shares will probably be a sensitive market for the time being at 28½. Down 10p yesterday, the historic n/e is just over 7.

and some estimates run as high as £11m.—from its nationalised shipbuilding activities. Instead the money, along with other surplus funds, will be returned to shareholders while the remaining activities—mainly ship-repairing and engineering—will be reconstructed in a new listed company.

At this stage Swan Hunter is saying no more than that it will receive at least the 50p book value for the nationalised assets, which works out at about 46p share. But the balance sheet at June 30 this year shows net assets of £35m. Adding up to £10m. working capital plus the other assets needed for the continuing businesses, this would present the possibility of a distribution of £1.2 a share. And the figure could be much higher, depending on how much the company considers it prudent to retain.

Apart from the Board's decision to return funds to shareholders and a statement from the chairman, that shares in the new company will be a worthwhile investment which should grow in value over the years, shareholders are given no information on when they may expect to receive the cash, nor is there any indication of how the distribution will rank for tax purposes. But it seems likely that most of the share-out should rank for capital gains tax.

On the basis of figures the market is expecting full year profits of the order of £18m., which puts Coral on a p/e of about 6½, at 24½.

Many hurt in Grunwick clashes as appeal to Lords opens

BY NICK GARNETT, LABOUR STAFF

SOME OF the most serious violence on the Grunwick picket line in North-West London took place yesterday before the House of Lords began hearing of the case, arising from the National Arbitration Service's recommendation that the Association of Professional, Executive, Clerical and Computer Staff should be recognised by the Grunwick film processing company.

More than 100 people were arrested. Nine policemen were taken to hospital, and scores of pickets injured, as about 6,000 pickets faced 4,000 police, some of whom used riot shields.

Violence at Grunwick and near Willesden Green Police Station after a protest march led to demands for a public inquiry, both from MPs and the strike committee, which claimed that more than ten pickets had bones broken in the fighting.

Mr. Merlyn Rees, the Home Secretary, told the House of Commons that he had total confidence in the way the police dealt with the situation.

Mr. John Fardon, Liberal MP for North Cornwall, said in Bournemouth last night that the Government and the TUC should publicly condemn yesterday's picketing. Whatever provocation there had been from the company it could not justify "obscene mindless belligerence".

Mr. Jim Marshall, Labour MP for Leicester South, who was on the picket line, said he was appalled by the violence meted out to pickets by police.

Conciliation and Arbitration Service against an Appeal Court ruling which invalidated ACAS's recommendation of union recognition. Mr. Denis Henry, QC, for ACAS, said the future effectiveness of the arbitration service as an advocate of good industrial relations depended on the Law Lords' decision.

The Lords upheld the Appeal Court's decision it would impede the effectiveness of which ACAS could promote improvements in industrial relations.

The 1975 Employment Protection Act specified that ACAS must "at all times be reasonably practicable" to gain the opinions of workers to whom a recognition issue related, and this it had done.

The hearing is expected to take all this week, with a decision within a few days, plus an appeal to the House of Lords.

'Double it' call

The picketing was described as a national day of action by the strike committee, which has called for another, with double the number of demonstrators for early December.

During the Law Lords hearing of an appeal by the Advisory,

£20m. Vauxhall loan from U.S. parent

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

Vauxhall, the U.K. subsidiary of General Motors, is taking up a £20m. loan from its U.S. parent as part of a capital restructuring scheme designed to help the company with an ambitious programme of expansion in the next few years.

The 10-year, fully subordinated loan will be used partly to replace some of Vauxhall's short-term bank borrowings, which were running at £43m. at the end of last year.

But the company also needs to increase its working capital for its planned expansion next year. In the longer term it is preparing for further investment in new models and facilities.

The announcement of this new financial injection from General Motors when Vauxhall's hopes of making a respectable profit this year are being threatened by the strike of its skilled workers.

In the first six months of the year the company made £2m. pre-tax, and seemed to be heading for its first annual profit since 1971. But the prospect of achieving this now depend on an early settlement of the two-week oil dispute, which has already cost a week's production.

Despite these problems Vauxhall is pressing ahead with its plans to raise production with double shifts at its two car assembly plants at Luton and Ellesmere Port.

Output in its Bedford commercial vehicle division is also increasing rapidly, with similar double shift arrangements coming in at the Dunstable plant.

All this extra work can be accommodated in the present plant facilities. But in the next few years Vauxhall will invest heavily in factory improvements and alterations.

These developments will affect both the truck and car divisions. On the truck side there are plans to reorganise the facilities to cope with larger output of the new heavy TM range. On the car side the company is considering a scheme to manufacture the new Opel Rekord range, made by Vauxhall's sister company in Germany.

Increase

The plans to expand and modernise Vauxhall's car range by integrating its vehicles with the Opel models has already taken a major step forward with the launching of the U.K.-built Cavalier.

As production of this model is transferred from Belgium to Luton, Vauxhall is aiming to increase sales from about 44,000 this year to 60,000-65,000 next.

The company's car output is likely to be substantially up this year compared with last year. The target is 157,000 units against 143,000. Truck production will be up from 57,000 to about 103,000.

Cash for Swan Hunter investors

BY JOHN MOORE

SWAN HUNTER will pass to its shareholders some of the cash it will receive from the Government in return for nationalisation of shipbuilding and marine engineering interests.

According to the group any compensation will not be less than £827m., the amount at which the nationalised subsidiaries are stated in the latest balance-sheet.

In the latest accounts, published yesterday, Sir John Hunter, chairman, says that under a scheme of reconstruction after nationalisation the group will transfer all its remaining trading assets and sufficient cash to provide working capital to a new company.

Shareholders will receive shares in the new company, in exchange for their Ordinary shares in the

group. Cash representing compensation received for subsidiaries nationalised, and any cash transferred to the new company.

A draft of the proposed scheme meanwhile valuation reports submitted to the Inland Revenue and the scheme has received statutory clearance under provisions of Sections 40 and 41 of the Finance Act, 1977.

But the Board said it would be some months before "substantial" progress had been made in determining the amount of compensation so none of the reconstruction proposals was being sent to shareholders at present.

Meanwhile valuation reports are being prepared in support of the amount of compensation which will be claimed, and discussions are under way with the Government.

Power workers' terms

Continued from Page 1

sonally against the strike but that it was his duty to carry out the conference decision.

The firemen have been offered increases in line with the Government's guidelines, plus an undertaking that their 48-hour working week can be reduced from the end of next year.

Although the local authority employers are restricted to keeping their offer within the 10 per cent. guidelines, talks with the union have not officially broken down and further meetings can be expected this week.

In the Commons Mr. Merlyn Rees, Home Secretary, made it clear that every effort would be made by the Government to minimise the damage to the public and to industry.

He told MPs during the debate on the Queen's Speech that arrangements had already been put in hand to protect citizens as far as possible from hazards and to minimise the effects of a strike.

"If the strike comes off, the Government will have no alternative but to use all possible methods to protect people's lives and, if necessary, troops may need to be used," he declared. In this situation, the Government was quite clear that people's lives and safety would be the paramount consideration.

Ministers admit that an emergency service, run by the armed forces, cannot possibly be as effective as the proper service. Old Civil Defence fire-fighting equipment will have to be brought into emergency use.

Mortgage rate cut unlikely this week

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A CUT in mortgage rates later this week now seems unlikely, month's total is not likely to be that Friday's meeting of the council of Building Societies recommended a rate effect only last week, so their impact on the inflow of home loan rate, which took effect only a few weeks ago, to about 9 per cent.

It would have been the fourth cut in the cost of home loans during 1977.

Many societies still believe a further reduction in borrowers' and investors' rates is possible, but events of the past 10 days have persuaded most that postponement of any decision would be sensible.

The societies' concern centres on its floating of the pound and its effects on short-term interest rates, as well as on the potential repercussions in the money markets of the latest round of industrial troubles.

High receipts

A decision to cut rates could be taken next month, however, if the situation has stabilised.

If a decision were taken solely on the basis of the present flow of funds into societies, it could be taken immediately.

"Final figures are not yet available, but the movement is thought to have taken in £800m. in net receipts during October, almost £100m. more than the previous monthly record. November receipts have also

been high to date, although last month's total is not likely to be that Friday's meeting of the council of Building Societies recommended a rate effect only last week, so their impact on the inflow of home loan rate, which took effect only a few weeks ago, to about 9 per cent.

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Weather

U.K. TO-DAY

SHOWERS with bright or sunny intervals in all areas. Temperatures near normal.

London, S.E., S.W., Cent. Southern, Cent. Northern, E. and N.E. England, E. Anglia, E. and W. Midlands, Channel Is. and Scattered showers. Wind south-westerly, fresh or strong. Max. 13-14C (55-57F).

N. and S. Wales, N.E. England Bright intervals and showers. Wind south-westerly, fresh or strong. Max. 12-13C (54-55F).

Lake Dist. Isle of Man, Borders, Edinburgh and Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll, Orkney, Shetland, N. Ireland Heavy showers, perhaps with hail and thunder. Wind south-westerly, fresh or strong. Max. 10-11C (50-52F).

BUSINESS CENTRES

City	Temp	Wind	Cloud	Rain
Amsterdam	12	SE	12	0
Antwerp	10	SE	12	0
Bahran	25	SE	12	0
Barcelona	15	SE	12	0
Beirut	18	SE	12	0
Bombay	28	SE	12	0
Buenos Aires	18	SE	12	0
Calcutta	28	SE	12	0
Cairo	25	SE	12	0
Cardiff	12	SE	12	0
Chengde	15	SE	12	0
Cologne	12	SE	12	0
Copenhagen	10	SE	12	0
Dublin	12	SE	12	0
Edinburgh	12	SE	12	0
Frankfurt	12	SE	12	0
Geneva	12	SE	12	0
Glasgow	12	SE	12	0
Helsinki	10	SE	12	0
Hong Kong	28	SE	12	0
London	12	SE	12	0
Luxembourg	12	SE	12	0
Madrid	18	SE	12	0
Moscow	10	SE	12	0
New York	12	SE	12	0
Oslo	10	SE	12	0
Paris	12	SE	12	0
Rangoon	28	SE	12	0
Rome	18	SE	12	0
Singapore	28	SE	12	0
Stockholm	10	SE	12	0
Tokyo	18	SE	12	0
Urumchi	10	SE	12	0
Zurich	12	SE	12	0

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